FINANCIAL TIMES

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Nigerian crisis: scapegoats for an oil glut, Page 14

NEWS SUMMARY

GENERAL

Zapu 'trying to topple Mugabe'

Tensions in Zimbabwe between Mr Robert Mugabe's Zanu-PF Government and Mr Joshua Nkomo's opposition Zapu party heightened as ministers blamed Zapu for banditry and dissident activity in Matabeleland.

Dr Sekermayi, Minister for Security, said the dissidents were trying to achieve "virtual secession," while the Zapu leadership was trying to topple the Government.

Another security minister, Emmerson Munangawa, claimed senior politicians were intimately involved in managing the dissident campaign.

Kohl moves ahead

West Germany's Emnid opinion poll shows Chancellor Helmut Kohl's Christian Democrats surging ahead and forecasts they will get 49 per cent of the vote in the March 6 election.

Rioting in Assam

The Indian army was patrolling the Mangaldoi district of Assam after pre-election riots in which two people died when police opened fire. Page 3

Lagos arson charge

Nigerian newspaper columnist Ray Ekpu was charged with burning down the telecommunications building in Lagos last week. Nigerian crisis, Page 14

Poland closes UPI

Polish authorities closed the offices of United Press International in Warsaw. Its U.S. correspondent, Ruth Gruber, was expelled last month.

Izvestia editor goes

The editor of the Soviet government daily Izvestia, Pyotr Alexeyev, 70, has been replaced by Lev Tolkunov, the man he succeeded seven years ago.

New Zealand switch

New Zealand's opposition Labour Party elected lawyer David Lange as its leader to replace former premier Bill Rowling.

Greenland step

The European Commission took the first step to smooth Greenland's departure from the EEC by proposing that it be given privileged overseas status.

Thai army move

Thailand's King Bhumibol Adulyadej summoned an emergency session of parliament to alter the constitution to allow the army-dominated senate to retain its powers. Page 3

Plutonium 'for sale'

British arms dealer Gary Howard, giving evidence against Ian Smalley in Dallas, Texas, said he once knew of "weapons grade" plutonium for sale by former Portuguese mercenaries.

Hounded out

Authorities in Bali have told owners of imported dogs to ship their pets out of the tourist island to keep it free of rabies.

Detention denied

East Germany denied former world champion figure-skater Anett Poetzsch had been detained for trying to flee the country.

Briefly...

Israel's toll since its June invasion of Lebanon is 466 killed, 2,567 wounded.

Five bombs exploded at a water pumping station near Maseru, Lesotho.

BUSINESS

London equities reach new high

● LONDON: equities advanced as *investors saw signs of cheaper international money.* The FT Industrial Ordinary index jumped 14.6 to a record 646.8. The FT-Actuaries index added 1.4 per cent to a bestever 403.02. Government Securities rose, with some longs up 1¼ and shorts ¾. Page 25. FT Share Information Service, Pages 30, 31

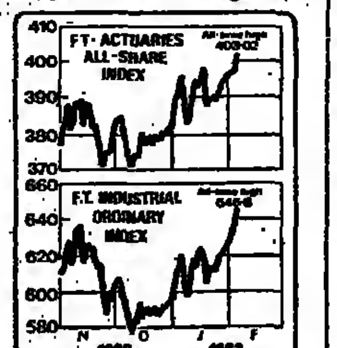
● WALL STREET: Dow Jones Index closed up 2.02 at 1064.66. Pages 25–28

● TOKYO: Nikkei Dow fell 116.76 to 7,991.29. Stock Exchange index lost 6.67 to 582.04. Pages 25, 28

● HONG KONG: Hang Seng index was 6.73 lower at 888.08. Pages 25, 28

● AUSTRALIAN al-shares index tumbled 17.4 to 527.7. Pages 25, 28

● FRANKFURT: Commerzbank index gained 6.7 at 757. Pages 25, 28



● DOLLAR fell to DM 2.465 (DM 2.495), FFr 6.9925 (FFr 7.0775), SwFr 2.019 (SwFr 2.0475) and Y238.75 (Y242.25). Its Bank of England trade-weighted index was 121.3 (122.1). Page 32

● STERLING rose 1 cent to $1.525 but fell to DM 3.755 (DM 3.7825), SwFr 3.08 (SwFr 3.1025), FFr 10.66 (FFr 10.72) and Y364.5 (Y367.25). Its trade-weighting was 80.9 (81.3). In New York the pound closed at $1.52375. Page 32

● GOLD rose $3 to $502.5 in London. In Frankfurt and Zurich it gained $5 to $503.5. In New York the Comex February settlement was $496.7 ($507.3). Page 29

● ZINC: three producers have cut posted prices in Europe from $800 to 750 a tonne. Page 29

● SOVIET UNION hopes to boost bilateral trade with China by 40 per cent this year following a similar rise last year.

● ISRAEL'S foreign debt servicing in the coming fiscal year could reach $2.5bn, equal to total U.S. aid. Page 3

● EEC authorised Greece to place restrictions on 11 products from other EEC countries until the end of the year.

● SPAIN'S current account deficit narrowed by more than $900m last year to just over $4bn.

● ITALY'S Government will shortly consider a plan to cut steelmaking capacity by 2.4m tonnes. Page 2

● GENERAL DYNAMICS, the U.S. defence contractor, announced almost doubled fourth-quarter net earnings of $64.1m against last year's $32.6m on sales of $1.84bn compared to $1.23bn. Full year profits rose to $132.8m from $124.1m on sales of $6.15bn against $4.76bn.

● DOW CHEMICAL of the U.S. reported a 30 per cent drop in net earnings to $399m last year. Page 11

● SPANISH Government has waived compulsory deposits rules in order to facilitate the rescue of Banco Urquijo. Page 17

● PAN AM, the U.S. airline, reported a larger than expected net loss for the year of $485m, after a loss of $272.9m in the fourth quarter. Feature, Page 16

● DOME PETROLEUM plans to sell 10.3m shares, half its stake in Transcanada Pipeline for C$250m (US$203m). Page 17

Germany's jobless total hits 2.5m post-war record

BY STEWART FLEMING IN FRANKFURT

Unemployment in West German surged to a record post war high of almost 2.5m in January, posing a major challenge to the right of centre coalition headed by Dr Helmut Kohl in the approach to the general election on March 6.

The increase, which takes the unemployment rate to 10.2 per cent compared with 9.1 per cent in December, is much sharper than had been widely expected. And there are fears in the Government that the figures for February may be even worse.

Government ministers moved quickly in an attempt to reduce the electoral threat. Dr Kohl called on the West German Trades Union Federation to work with the coalition Government of the Christian Democrats, Christian Social Union, and Free Democrats to overcome the unemployment problem.

He suggested that the unions (traditional supporters of the rival Social Democrats) join discussions with the Government and the employers on tackling unemployment.

Herr Josef Sting.l, president of the Federal Labour Office said unemployment had risen sharply in spite of the mild winter weather, an increase which reflected continuing weakness in the economy.

But Dr Kohl claimed that signs of a revival in economic activity this year were appearing. He cited figures showing a sharp rise in new industrial orders in the Federal Republic in December.

It is the second consecutive month in which figures for new orders, a rough forward indicator of economic activity in the industrial sector, have increased.

In November and December new orders were up by 7.5 per cent in real terms compared with the previous two months. The increase was entirely the result of the strength of the domestic market where orders were ahead by 10 per cent.

Foreign orders were down by 0.5 per cent in this period, partly because of a hefty 5.5 per cent fall in December.

However, it is generally thought that the rise overstates the underlying strength of order books. The expiry of the Government's investment subsidy at the end of the year is one factor which has encouraged companies to bring forward orders which might otherwise have been postponed until the new year.

In addition, in some industries orders are being written with a clause which allows them to be cancelled after the general election – a move designed to protect companies if they feel the election results are unfavourable to the corporate sector.

On the other hand, signs of a revival of demand are not limited to the investment goods sector. Both consumer goods and production goods orders in the domestic market have also risen.

But most economists are convinced that the West German economy will show no overall real growth this year even if a slight recovery sets in towards the start of 1984.

Moreover, even strong growth is not expected to result in a substantial reduction in unemployment in the next few years.

● Unemployment in Norway, until recently almost negligible compared with levels in the rest of Europe, is now at a post-war high. The total reached 67,800 in January, more than 4 per cent of the labour

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Moscow 'trying to influence vote', Page 2; UK unemployment rises, Page 16

Grundig pushes merger as 2,000 jobs are cut

BY OUR FRANKFURT CORRESPONDENT

GRUNDIG, the West German consumer electronics concern, yesterday launched a bitter attack on politicians, trade unions and the media, blaming them collectively for its decision to make 2,000 of its 30,000 workforce redundant.

In a move which will be seen as an attempt to increase the pressure for early approval of its plan to merge with the French electronics company, Thomson-Brandt, Grundig said that six of its factories would be affected by the redundancies. One of them, in Dachau would be closed.

Grundig said that in recent months it had kept employment levels at these works above its immediate needs, partly on account of the Christmas period but also because of the employment situation in the country.

"A vital consideration, too, was that the planned co-operation with Thomson-Brandt – in particular with its German subsidiaries – could offer possibilities for employment in Grundig's German plants," the company said. It added: "Because the negotiations with the French company have been decisively influenced through politcal factors, by the trade unions through the works councils, tha reaction of employees and above all through the mass-media, the board of the company must now plan for the 1983-84 financial year on the basis of the sales prospects of Grundig alone."

Grundig said the recently postponed merger with the AEG-Telefunken consumer electronics subsidiary, Telefunken, could also have had a positive impact on employment.

Instead, the company now had to plan for much reduced sales, particularly in the video-recorder sector. This, together with technical changes in production, meant that fewer workers were needed. Grundig added that its cautious planning "corresponds to the consistent demands from workers' representatives for a restrained business policy."

Grundig's announcement comes amid widespread confusion and speculation about the prospects of Thomson-Brandt completing its acquisition of control of Grundig.

Discussions have been held this week about the possibility of the West German companies Siemens and Robert Bosch playing some – albeit unidentified – role in Grundig's future alongside Thomson-Brandt and the Dutch electrical concern, Philips.

Behind these considerations lies the widespread political opposition to the French concern taking majority control of the company, to which Grundig referred in its statement yesterday.

Thorn-EMI may build JVC televisions, Page 16

Background, Page 17

Thyssen losses continue

BY JAMES BUCHAN IN BONN

THYSSEN, the diversified West German industrial group that is Europe's largest private steelmaker, reported net losses in the year to last September marginally down from DM 68m to DM 66m ($26m).

In a year when operations were badly hampered by difficulties at Thyssen's main U.S. subsidiary, The Budd Company, the group managed to increase sales revenues (excluding intra-group) by 9 per cent to DM 30.6bn.

A good performance by Thyssen Industrie within the capital goods division and "double-figure" profit on steelmaking were wiped out by the draining of more than DM 350m to Budd during the year.

Thyssen will pay a dividend of DM 3 per DM 50 share, the level set in 1980-81 and half the payout of the year before.

Dr Dieter Spethmann, chief executive, said that in the last quarter of the 1982 calender year, monthly sales were down an average of 12 per cent on the equivalent period of 1981 and there were double figure declines in all divisions, except Thyssen Industrie.

In the face of the catastrophic state of the West German steel industry since last summer, Dr Spethmann pressed the Bonn government for "material backing" for a new crisis plan, which envisages the merger of the steel and special steel operations of Thyssen and Krupp.

In remarks that contrasted strongly with his tempered optimism 12 months ago, Dr Spethmann pointed to weaknesses in all areas of Thyssen's business:

● Steel: Still accounting for 24 per cent of the group's sales, the steel division came back from operating loss of more than DM 300m to a small profit in 1981-82, thanks to higher steel prices. However, the collapse in domestic and foreign demand since then has meant a 30 per cent decline in steel production and a 26 per cent drop in sales in the last quarter of the calender year compared with the same 1981 period.

● Special steels: A similar collapse in demand, and a sharp increase in imports, caused sales in in this division almost to stagnate. In the last quarter of calendar 1982, orders booked fell a full 23 per cent.

● Capital goods: Rationalisation at Thyssen Industrie, whose domestic operations largely consist of units taken over from Rheinstahl in 1973, contributed to DM 165m in pre-tax earnings. However, the DM 5.7bn of orders in hand at the end of September at Thyssen Industrie, is shrinking in the face of weak domestic industrial investment.

● Steel trading and construction: Weak demand for steel products in the U.S. undermined a "satisfactory" result for the division in 1981-82, but Dr Spethmann hoped that the lower sales in the last quarter of calendar 1982 would not prove lasting.

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Hungary to set up free trade zones

By David Buchan, East Europe Correspondent, in Budapest

HUNGARY has decided to set up customs-free zones for joint ventures involving foreign companies and local enterprises, in a move to boost exports that is virtually unprecedented in Comecon.

The new decree creates "offshore" manufacturing bases. Duty on raw materials and component imports would not be paid if the end product was re-exported, and import tariffs would only be levied if the product was sold inside Hungary.

Joint ventures in the new customs-free zones will also be freed of many Hungarian regulations on wages, prices, investment and even on cars.

Since the new decree came into force last month one U.S. company has already offered to set up a customs-free joint venture with a local concern, Budavox, for the manufacture of printed circuits, according to Mr T. Antalpeter, director general of the Foreign Trade Ministry.

Despite relatively liberal joint venture legislation, allowing free repatriation of profit and investment. Hungary has so far only attracted 11 foreign joint ventures onto its soil, though it has nearly 70 trading and marketing joint ventures abroad, including four in the UK.

With these new zones "we will at least know that if we are not getting any new joint ventures, it is due to the poor world business climate, not to Hungarian obstacles," Mr Antalpeter said.

In return for a $600m IMF standby loan, Hungary has this year put itself under an IMF programme whose main goal is a $600m surplus on current account for the country.

This would entail increasing this year's trade surplus to $1bn, compared to $700m in 1982. Hungary feels it needs to attract more Western co-operation in increasing its exports to markets outside the EEC. Sixty per cent of its convertible currency earning exports go to the Common Market, but Hungarian officials complain of growing protectionism there.

There are around 400 freeports or free trade zones in the world, including Hong Kong, Hamburg, Panama and Miami among the biggest. In the Far East, they are believed to have created over 200,000 jobs. Last month, it was reported that Yugoslavia was about to establish one and that China was considering the idea.

BNOC will backdate any oil price cuts

BY CARLA RAPOPORT AND ROGER MATTHEWS IN LONDON

BNOC, Britain's lead trader of North Sea crude, has told suppliers that any cut in the oil price is likely to be backdated. This is a move designed to prepare suppliers for lower revenues and to ease the pressures from customers who are clamouring for an immediate cut in price.

Officially, the company will state only that negotiations with customers and suppliers are continuing. Major suppliers said yesterday, however, that BNOC had established the notion of backdating a price cut, possibly to February 1, in order to put off an immediate price cut which many fear could undermine the international oil market.

It now appears that the company will complete its talks in a week or two, further underlining the widely-held view within the industry that oil prices will fall around the middle of this month.

BNOC's move, however, did not go very far towards placating many large customers yesterday, who want the official price of North Sea oil, now $33.50, to fall more towards the spot market price of around $29.

Gulf Oil, one of the U.S. majors, yesterday raised the possibility that it might cut back its liftings of oil in the North Sea if the price did not fall soon. "We are still in talks," a Gulf executive said last night, "but our lifting volumes will be determined by price."

Industry officials said last night that Gulf had turned down a cargo of oil from the North Sea this week and diverted a ship en route to the North Sea back to Europe.

In Tokyo, the Mitsubishi Oil Company refused to confirm or deny persistent reports that it had contracted to buy 900,000 barrels of oil from Kuwait at a discount of nearly $4 from the previous $32.50 a barrel.

Reports said that Mitsubishi expected to take delivery of the oil towards the end of this month. The company has been buying about 27,000 b/d from Kuwait under long-term contracts. Kuwaiti officials denied earlier this week that discounts were being offered.

Further indications of growing pressure on Nigeria to reduce its prices came in a statement from Mr Alex Ekwueme, the vice-president. He told Nigerian newspaper editors yesterday that no oil had been exported for the past five days. Nigerian output dropped last month to an estimated 800,000 b/d.

Mr Marc Van Nguema, the secretary general of the Organisation of Petroleum Exporting Countries (Opec), said yesterday during a visit to Venezuela that there would not be just a single response to the

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Fraser decides snap election in Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA will hold a general election on March 5, in which the key issues will be wage inflation, and economic management.

In a day of drama that rivalled the sacking of the Whitlam Labor Government in 1975, Mr Malcolm Fraser, the Liberal-National party coalition leader, yesterday announced a double dissolution of Parliament. At the same time Mr Bill Hayden stepped down as leader of the Labor party (ALP).

Mr Hayden's successor, Mr Bob Hawke, is a former president of the Australian Council of Trade Unions (ACTU) and will prove a formidable opponent in a contest that will be bitterly fought.

The stock market reacted violently. The all-ordinaries index fell 17.5 points (3.2 per cent) to 527.7 with a far bigger fall of 6.4 per cent in the Metals and Minerals index.

Investors are worried by uncertainties over Labor's economic programme. The greatest concern involves Labor's plans for minerals and energy.

The Liberal National Party coalition holds 73 seats in the House of Representatives, to Labor's 52. To gain office, Labor needs an across the board swing of about 1.5 per cent. The Senate is already controlled by Labor and the Democrats.

Mr Fraser called the election because of what he said was a "concerted attempt" by the unions, backed by the ALP, to wreck the Government's wages pause.

"Excessive wage increases have been a major cause of our economic

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Brussels rejects half Greek import curbs

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday turned down about half Greece's proposed package of import restrictions by agreeing to trade controls for the rest of this year on only 11 products, accounting for less than 1 per cent of Greece's trade with its EEC partners.

While not wishing to quarrel with the recent 15.5 per cent devaluation of the drachma, the Commission was not keen to set a tolerant precedent on import controls which might encourage other member states with severe balance of payments problems to seek similar solutions.

Athens had sought approval to hold down to 1980 levels imports of 22 products, totalling just under 3 per cent of Greece's trade with its Community partners. As well as halving the list products to be controlled, the Commission has also raised the potential import ceilings by basing them on average imports in 1981-82.

Nevertheless the Brussels' decision is an acknowledgement of the Greek case that some of its industries—which are mostly based on very small units—were suffering serious damage because of import penetration from other EEC countries and also third countries.

According to the Commission, Greece's deficit with its Community partners has risen from one-third of its total visible trade deficit in 1981—its first year of membership—to two-thirds last year.

On a case-by-case basis, the Commission's analysis confirms a growing loss of competitiveness in the Greek economy — a problem which the devaluation is designed to alleviate. Thus, Greek production of sports shoes has remained static in 1981-82 at 4m pairs and exports have fallen by 30 per cent. Meanwhile, imports from all countries have risen by 30 per cent to 1.2m.

The story is a similar one in the domestic sectors producing all the other *goods* which will now be subject to controls. The Commission has set ceilings for imports from other EEC countries and authorised a surveillance system when the goods are imported from third countries, except in the case of sports shoes.

The products and their ceilings are: sports shoes 340,000 pairs from the EEC and 275,000 from Taiwan; furniture 3,200 tonnes; tiles 30,000 tonnes; tights 1.6m pairs; pullovers 200,000 items; mens suits 5,500; iron baths 1,200 tonnes; porcelain lavatories 2,000 tonnes; cigarettes 750 tonnes; malted milk 2,000 tonnes; spirits 8,000 tonnes.

Why Pravda wants Russians to eat more greens

BY ANTHONY ROBINSON IN MOSCOW

PRAVDA yesterday discovered the greenhouse and, in so doing, promised a new era of fresh fruit and vegetables in winter for the long-suffering Soviet consumer.

A front-page editorial in the Communist Party daily called for a programme aimed at surrounding gas pumping stations, factories, power stations and other large-scale waste heat producers with acres of glass to supply towns with vitamin-rich fresh foods.

It quoted a recent speech by Mr Yuri Andropov, the Soviet leader, to workers at the Ordzhonikidze machine-tool factory in Moscow, where he called for both higher quality and lower production costs, citing the production of good-quality, low-cost winter greens as a typical case.

At the same time, however, Pravda also revealed how distant the prospect was by calculating that there are only 2,800 hectares of heated glasshouse in the whole country to satisfy the fresh vegetable needs of 270m people. Also, there are no convoys of juggernauts driving up from the south with fresh supplies of the kind to which Western consumers are accustomed.

Indeed, nothing contributes more to the length and dreariness of Russian winter than the lack of fresh vegetables—apart from the occasional carrot and onion and the ubiquitous kapusta (cabbage).

The Soviet tomato and its sensitive companions, the cucumber, the radish and the lettuce, have traditionally been the first victims of winter, and disappear from state shops overnight after the first frost.

In the absence of locally produced fresh vegetables, the main sources of winter supply for Moscow and other cities are the itinerent Georgians, Azerbaijanis and others from the Black Sea coast region.

Naturally, the cost of the air ticket, accommodation and, even more important, the bribes, which they have to pay to a well-oiled network of ticket sellers, baggage handlers, policemen and protectors are all included in the cost of their fresh, or usually somewhat wilted produce.

Yesterday, for example, fresh tomatoes from the Caspian Sea were on offer in the central market for 15 roubles a kilo or 13 a kilo for small and misshapen ones. There was no sign of fresh cucumbers, but huge radishes the size of a man's forearm were selling at 3 roubles a kilo. The average wage is 180 roubles (£163) a month.

Since Mr Andropov announced his war on corruption and indiscipline, the supply of fresh vegetables from the south, whose personal export from the area is illegal, has slowed noticeably.

It will be some time, however, before Pravda's greenhouses fill the gap. For Pravda cautioned that there was more to fresh vegetable production than glass and hot water, and called on the Agricultural Equipment Ministry to speed the production of small tractors and other specialised equipment needed for weeding, planting and spreading fertiliser.

● Mr Andropov (right): plea to factory workers

Greenland's EEC move supported

The European Commission yesterday came out in favour of tolerating Greenland's withdrawal from the EEC but urged member governments to set a high price before satisfying its demands for Overseas Territory Status, writes John Wyles. Last February, Greenland voted 52 per cent in favour of withdrawal from the Community.

The Council of Ministers is urged by the Commission to agree to Denmark's request that Greenland should become an overseas territory able to enjoy free access to the EEC for its industrial products, subject to normal trade safeguards.

However, *fisheries* is the only issue of real importance to both sides and the Commission is urging full agreement on a trade and fishing regime as a condition for allowing Greenland its special status.

Rome confidence vote

The Italian Government may face a vote of confidence early next week over its action in removing from office the chairman of ENI, the state energy company, writes James Buxton in Rome.

Izvestia switch

Pyotr Alexeyev, 70, has been replaced as editor-in-chief of Izvestia, the Soviet Government newspaper, by the newspaper's former chief editor, Lev Tolkunov, 64, the newspaper announced yesterday, AP reports from Moscow.

Poland bars UPI

The Polish Foreign Ministry yesterday ordered United Press International to suspend news gathering activities in Poland and withdrew the accreditation of its one remaining correspondent in Warsaw, AP reports.

Spanish deficit

Spain's current account deficit narrowed by more than $900m last year to just over $4bn, according to preliminary estimates by the Bank of Spain, writes David White in Madrid. On the basis of results up to September, the trade deficit for the year is estimated at $9.2bn, $877m less than in 1981. This is partly offset on the current account balance by a surplus of around $3.7bn in services and by transfers from abroad.

Kohl says Moscow trying to influence vote

BY JAMES BUCHAN IN BONN

CHANCELLOR Helmut Kohl yesterday accused the Soviet Union of attempting to sway the result of the West German general election rather than negotiating seriously with the U.S. at Geneva over intermediate-range nuclear missiles.

Speaking at a conference on security arranged by his Christian Democrat Party, Herr Kohl said he believed the Geneva talks would only enter their decisive phase after the March 6 election. He also expressed the opinion that the U.S. would make no new offers until after the election campaign.

Herr Kohl quoted an observer as having argued that the Soviet Union, by its public offers on intermediate range missiles, was more interested in the hearts and souls of the West German people.

Moscow's failure so far to submit at Geneva its proposal of last December—that the Soviet intermediate-range missile arsenal in the European theatre be reduced to the level of the French and British nuclear forces—supported this argument, Herr Kohl said.

The "desirable solution," he contended, was the U.S. proposal that the Soviet Union should dismantle all its intermediate-range missiles in the European theatre as a condition for Nato foregoing deployment of missiles in West Germany and other West European countries from this autumn.

This position should not be "dropped like a hot potato at the first sign of a Soviet no," he said. But Nato policy allowed for a step-by-step approach towards this goal.

Reuter adds: Herr Hans Dietrich Genscher, the West German Foreign Minister, yesterday held out the prospect of Nato scaling down its missile deployment plans in Europe in step with large cuts in Soviet medium-range weapons.

Speaking in Geneva before the 40-nation committee on disarmament, Herr Genscher, who is also leader of the FDP party, said the alliance was ready to review its deployment programme if Soviet negotiators indicated Moscow would eliminate its land-based missiles.

In Brussels the Vice-President, Mr George Bush, said yesterday that his consultations with Nato representatives convinced him that the alliance remained united on the need for a common front in nuclear missile negotiations in Europe.

Mr Bush, on the third leg of a seven-nation European tour, called on representatives of Nato's 16 member countries for resolve and unity on the issue as the only way to convince Moscow to negotiate seriously.

● The Soviet Union has declared it will guarantee Japan's security if it maintains its policy against nuclear weapons, officials of two of Japan's opposition parties said yesterday. The guarantee was contained in letters sent to the Japan Socialist and Democratic Socialist parties.

Italy may shed 16,000 steel jobs

By James Buxton in Rome

THE Italian Government will shortly consider a plan prepared by the state steel corporation Finsider which envisages a cut of 2.4m tonnes in Italy's steelmaking capacity and the loss of 16,000 jobs by the end of 1987.

If approved and implemented, the plan would mean the first substantial capacity and workforce reduction in the Italian steel industry since the world steel crisis began in 1974. Until last year, the steel workforce had fallen by less than 1 per cent and capacity has actually increased slightly over the eight years.

The plan will be reasonably good news for the EEC Commission, which has been pressing Italy to cut its capacity along with other European steel producers in order to match drastically reduced demand. Finsider's last plan for cuts, presented in October 1981, envisaged reducing capacity by only 190,000 tonnes, and has not been approved by Brussels.

However, the Finsider plan, which was discussed on Wednesday by IRI, the state industrial holding company which controls the steel corporation, is certain to face considerable opposition from some ministers and from the steel unions. A scheme for large-scale temporary lay-offs last autumn, aimed at reducing output, had to be scaled down sharply in the face of union opposition.

Finsider's new plan envisages cutting 2.38m tonnes of capacity by closing older and less economic facilities at almost all of the country's plants.

The most seriously affected plant would be Cornigliano, near Genoa, where capacity would be halved to 1.2m tonnes and about one-third of the 6,000-strong workforce dismissed. The plan envisages total reduction in the steel labour force of 11,000 by the end of 1985 and the loss of a further 5,000 jobs by the end of 1987.

Finsider, which is thought to have lost about L1,400bn (£518m) in 1982, is to ask the government for a further L1,600bn in funds.

Until recently, Finsider sustained a highly optimistic view about steel demand, expecting it to rise by 6 per cent in 1982. In fact, it collapsed dramatically in the second half of the year.

Commission unveils plan to boost machine tools

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled a 16-point plan for revitalising the EEC's machine tools sector. It envisages a range of measures to be launched during the first half of this year and is to be proposed shortly to the Council of Ministers.

The aim is to make the sector much more competitive internationally and to ensure that producers can take full advantage of the Community's internal market.

Its proposals range from fresh financial and research support to much greater harmonisation of standards by such large purchasers as the European aircraft and motor vehicle industries.

The EEC machine tools industry is a world leader, accounting for some 30 per cent of all such output and exporting 40 per cent of its production outside the Community. The strategy outlined by the Commission, however, identifies worrying investment and technological development trends.

It identifies in particular Japan's accelerating export success in numerically controlled machine tools. The Commission yesterday said it will send a specialist mission to Japan in May to study technology transfers under which EEC companies might acquire advanced Japanese know-how and participate in joint ventures.

Chirac announces cable TV plan for Paris

BY DAVID MARSH IN PARIS

M JACQUES CHIRAC, Mayor of Paris, yesterday enthusiastically enrolled under the banner of the technology revolution by announcing an ambitious plan to wire up the capital for cable television.

The project aims to connect 500,000 Parisian homes by 1989 with optical fibre cables for television, radio and video information systems, and is likely to be by far the most important component of the Socialist government's overall cable television plan announced last November.

M Chirac, as leader of the neo-Gaullist RPR opposition party is an indefatigable launcher of campaigns to keep one step ahead of the government.

The Ministry of Posts and Telecommunications, which is masterminding France's cable television efforts, has not so far included Paris in the list of towns to which priority is being given in "wiring-up." But Mr Chirac, said yesterday that he was taking literally government declarations about letting individual municipalities take the initiative.

By taking speedy action, M Chirac hopes to allow the new Parisian television services "freedom of expression"—most importantly, to ensure that they fall outside the direct influence of the Socialist administration.

M Chirac said editorial responsibility for the new programmes would be shared with Parisian newspaper groups, which he hopes to enlist as important participants in the company running the services.

Mindful of the need for a strong role for the city authorities too, M. Chirac—whose flair for publicity is amply portrayed by the number of advertising placards around the capital bearing his beaming face—said that the Paris municipality would have a stake of 34 per cent.

He said the cabling project marked "the end of television reduced to three channels, controlled by the state and wasting away. At last we will have plurality of information, as in the written press."

Cabling will take place gradually, with 10,000 homes or other centres aimed to be wired by 1984, receiving six television channels. The network would grow to 140,000 by 1985 with another 360,000 connected over the next three years, ready to hit the 500,000 mark by the 1989 Universal Exhibition in Paris.

The government's plan for wiring up the whole of France aims to bring 1.4m homes within reach of cable television by 1985. The projects will be a shot in the arm for the country's main optical fibre manufacturers, mainly grouped around the nationalised CGE, Thomson-Brandt and St Gobain conglomerates.

EEC goes to Gatt over U.S.-Egypt flour deal

BY GILES MERRITT IN BRUSSELS

MR GEORGE BUSH, the U.S. Vice-President, was told in Brussels yesterday that the EEC has started legal proceedings under the General Agreement on Tariffs and Trade (Gatt) against the U.S. that could further strain transatlantic relations.

Mr Bush was in Brussels en route for Geneva, the final stage in a European tour designed to stress the unity inside the Nato alliance around the so-called "zero option" in medium-range nuclear missile disarmament negotiations currently being conducted with the Soviet Union.

In talks with Mr Bush, M Gaston Thorn, the European Commission President, made it plain that the EEC viewed the recent subsidised sale by the U.S. of wheat flour to Egypt as a provocation

Car industry strife threatens inflation policy

BY DAVID MARSH IN PARIS

THE FRENCH Government faces a dual attack on its anti-inflation policy from the latest strife in the motor industry. The conflict remained on the boil yesterday with the large Citroen plant at Aulnay, near Paris, paralysed by strike action.

The danger comes not only from the wage demands of strikers—who have been encouraged by a settlement at the Renault plant at Flins last week well in excess of the Government's 8 per cent pay guidelines.

Additionally, Renault and the Peugeot group, which embraces Citroen and Talbot, look likely to put up their prices shortly to compensate for the financial impact of strikes which have already caused lost production of more than 50,000 cars this year.

Two Citroen workers at Aulnay were reported still in hospital yesterday following violent conflict—said by management to be sparked by the Communist-led CGT union—at the plant on Wednesday which left 17 wounded.

In the second verbal broadside by the Socialist Government on the CGT within a week, the violence was vigorously condemned by M Jean Auroux, the Labour Minister, as "reminiscent of terrorist practices."

This followed the attack delivered by M Pierre Mauroy, the Prime Minister, at the end of last week on the CGT takeover of the trouble-hit Rheims-based newspaper L'Union—a dispute which has since been largely defused.

The two main manufacturers, nationalised Renault and privately-owned Peugeot, made losses approaching FFr 4bn (£376m) in 1982. The Government is thought to be on the point of authorising a fresh car price rise of 2 per cent, following the 4 per cent increase allowed in October just before the four-months' price freeze ended.

A positive aspect of yesterday's developments was the resumption of work at the Renault Billancourt plant which like Flins was stopped by strikes for most of last month. But part of the Flins plant was still hit by labour stoppages in spite of the general resumption of production there this week.

France agonises over telecommunications challenge

FOR MONTHS, the French government has been agonising over one of the key elements in its drive for technology-powered growth — the telecommunications industry.

The sector has been one of France's industrial success stories, both at home and in export markets since the country was propelled into the electronic age under the previous government in the late 1970s.

The industry is on the brink of rapid expansion into the new areas of computerised video-information systems. But to clear the way ahead, the Socialist Administration has to resolve a serious structural problem in its battery of state-controlled telephone companies. It centres on the future of CGCT, the telephone equipment company formerly owned by ITT of the U.S., which has been in limbo since being nationalised last year.

The decision on CGCT—thought to be imminent—is one of the thorniest tasks in the range of industries shake-ups promoted by the Government ago.

And the affair is made all the more complicated by the need to confront a new challenge. This is the link-up between the U.S. giant, AT&T, and Philips of the Netherlands in telephone switching systems, which will provide stiff competition for the French and the rest of Europe on both home and export markets.

The AT & T-Philips tie-up has been vigorously criticised since its emergence last autumn by President Francois Mitterrand as undermining European efforts for a common front in electronics.

French industry is, however adopting a more low-key attitude —and believes that the two groups' link could even produce a counter-reaction and end up promoting European collaboration.

In an interview with the Financial Times this week, M Georges Pebereau, chairman of the leading French telecommunications group, CIT Alcatel, which is one of the world's top exporters of electronic switching systems and is also one of the interested parties in the discussions over CGCT, said he had "plenty of sang-froid" over the AT & T-Philips affair.

The French are emphasising that the two companies have not yet reached full agreement on exactly how they are to cooperate. M Pebereau said, however, that if the two reached a formal agreement on selling the AT & T switching system jointly on the world market, the link would be a danger for the European telecommunications industry.

But he added that the grouping would need several years to become properly competitive. "We don't under-estimate them at all. But they have to sign an agreement, adapt their technologies and learn to work together. That takes a lot of time in our business"

M Pierre Chavance, CIT Alcatel's director-general and M Pebereau's number two, argues that the U.S.-Dutch alignment could actually spur greater unity in Europe. He CIT Alcatel would favour collaboration on the West German market—where the possibility of a link with Siemens has often been mooted—and in the UK, Spain and Italy. "What's wrong with putting the Common Market into effect?" M Chavance asked.

CIT Alcatel is emphasising that the door is still open to co-operation between the Philips AT & T grouping and European telephone companies, including the French, on the world telecommunications market.

Somewhat further away from the world stage, the immediate future of French telecommunications will be crucially influenced by two separate government dossiers on CGCT's prospects being studied at the Prime Minister's office this week.

The French telecommunications sector generally suffers from over-capacity as a result of the progressive switch over the last few years from electro-magnetic exchanges to electronic systems, which require much less labour to manufacture.

Government officials say that the industry as a whole has several thousand jobs too many, and the 8,900 employees in the CGCT group—who have asked M Mitterrand to intervene directly in the matter—are worried about their future.

M Jean-Pierre Chevenement (right) wants to align the troubled CGCT telephone equipment company with CIT Alcatel, one of the world's top exporters of electronic switching systems, writes David Marsh in Paris. This is one of the proposals being considered to solve the serious structural problems facing France's battery of state-controlled telephone companies.

CGCT and its specialised subsidiaries are well-equipped technologically, but have faced a drain of cash, contracts and confidence since being cut loose from ITT.

A decision on the group's future should have been taken by the end of last year. But it has been held up by wrangling between two ministerial power centres—the Research and Industry Ministry under M Jean-Pierre Chevenement, and Posts and Telecommunications under the less flambuoyant but no less determined M Louis Mexandeau.

The Industry Ministry broadly favours aligning CGCT with CIT Alcatel, which is part of the nationalised Compagnie Generale d'Electricité (CGE) group, one of the few state-owned enterprises running a profit.

M Mexandeau, on the other hand, is pushing for a link with the other "pole" in French telecommunications, Thomson-CSF, the main operating subsidiary of the also nationalised Thomson-Brandt group.

The likelihood—and the view of both the CIT Alcatel and the Thomson groups—is that the idea of a "rapprochement" between CGCT and Thomson will win on points.

CIT Alcatel is clearly well ahead of Thomson competitively. With its world-beating E.10 all-electronic telephone exchange, it won 50 per cent of orders for switching systems last year from the French Post Office, against 35 per cent for Thomson—which has faced serious delays in perfecting its rival exchange, the M.20/25—and 15 per cent for CGCT.

CGCT was to have manufactured ITT's System 12 electronic exchange, until the French government decided not to incorporate it into its switching network. CGCT could convert its factories to produce the E.10 exchange more quickly than to manufacture the Thomson version. A decision to link the group to CIT Alcatel, the Industry Ministry reasons, would strengthen the CGE subsidiary further on the world market.

However, it could also force Thomson, which is making a loss and faces a host of problems in its other electrical and electronics areas, to withdraw altogether from the telephone sector and leave the field to CIT Alcatel.

A concentration of power—which could lead to a conglomerate grouping, "Telephone de France," much-vaunted by some leading Socialists—is just what the Posts Ministry does not want.

M Mexandeau has argued forcibly against leaving the French industry with just one monopoly supplier, pointing to the benefits of competition both at home and on the world market. And it seems his doubts are also shared by the officials at the Prime Minister's office, who will have to make the decision.

For its part, CIT Alcatel is emphasising that, although CGCT would complement its own activities particularly in the fast-growing information technology sector, it is not particularly keen on any link-up.

M Pebereau said his company would have "no objection" if the Government decided to link CGCT with the Thomson group.

Whatever happens, according to M Chavance, CGCT would be likely to keep its identity. Emphasising the shifting nature of telecommunications frontiers, M Chavance said that apart from the manufacture of switching systems, CGCT's future would lie particularly in the private telephone sector and "new services"—office technology, video-text and so on—which he said was "a market in full expansion."

A key factor in CIT Alcatel's reckoning is CGCT's dire financial position. CGCT at the end of last year appealed to the state for a quick injection of FFr 1bn (£94m) to save it from bankruptcy. The prospect of taking part in this rescue does not appeal to CIT Alcatel or to its remaining private shareholders.

"CGCT is not a lame duck," M Pebereau said. "But it will need to convert its factories and solve its financial problems. That will take a lot of money and a lot of management skill."

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Hawke . . . faces a brief and bloody campaign

Trial by fire for new Australian Labor chief

By Michael Thompson-Noel in Sydney

THE EYEBROWS are arched, the face gaunt and the hair quiffed back like a matinee idol's. He wears a ring, and dresses with the expensive understatement of a racing tipster.

He may well be Australia's next prime minister, for at the end of a convulsive day's happenings—the double dissolution of parliament and the shock resignation of Mr Bill Hayden—Mr Bob Hawke yesterday found himself as unchallenged leader of the Australian Labor Party.

It is a role for which he has been grooming himself all his life. Yet the suddenness with which it was thrust upon him was briefly unsettling, and produced his first mistake in a campaign which will be brief and bloody.

Asked on television whether he had performed a hatchet job on Mr Hayden, Mr Hawke lost his temper, and accused his inquisitor of downright impertinence. It was a small enough slip, but in the hour of his triumph, it made him look pompous.

In many ways, the bearing of the new Labor leader will prove crucial in the March 5 election, for whereas Mr Hawke is invariably described as Australia's most popular politician, his stability under fire will be put fully to the test.

Mr Hawke has served only one term in parliament. Prior to that, he was president of the Australian Council of Trade Unions. He was a national hero—a man whose reputation for settling disputes endeared him to employers and unions alike.

In most personality polls, Mr Hawke outscores all rivals, including prime minister Malcolm Fraser. He is seen as strong, intelligent, competent, and concerned with ordinary people.

Yet in political terms, he is thought to stand for little that is specific: just a vague search for national unity and consensus. In the view of his opponents, he is the sizzle but not the steak, a man whose approach smacks of gimmickry without substance.

His father, Clem, was a Congregational minister; his mother, Ellie, a member of the Women's Christian Temperance Union. In 1963, Mr Hawke's baby son, born seven weeks prematurely, died.

Mr Hawke was grief-stricken, and admitted to hospital suffering alcoholic poisoning. By 1980 he was sometimes what his biographer has called "a loathesome drunk — poisoned, savage, a man possessed."

He told his biographer "... I said to myself, 'well, bugger it, you'd be better off not drinking. Why don't you give it up?' So I went and washed my hands, and that was it . . ." Today, he is a man reformed. He is also articulate, logical, and immensely combative.

Yesterday, Mr Hawke moved as swiftly as possible to defuse the national pay dispute that incited Mr Fraser to call a snap election. He pledged that if Labour won, he would do all in his power to press for national wage restraint, and attacked Mr Fraser as the "most divisive prime minister in the history of this country."

On most scores, Mr Hawke is a worthy rival for Mr Fraser. But in the heat of a campaign that will probably know no bounds, he will have to watch his temper.

Geneva talks on Afghan crisis

ISLAMABAD—A new round of indirect talks aimed at finding a political solution to the Afghan crisis will be held in Geneva, possibly in mid-April, foreign secretary Niaz Naik said yesterday.

He added that Pakistan is willing to participate in the talks, which are to be held under United Nations auspicies. Naik indicated that Iran may also attend, saying Tehran has shown a "growing and deeper interest" in the UN peace initiative begun last year

AP

Syrians fear further conflict with Israeli troops in Lebanon

BY PATRICK COCKBURN IN DAMASCUS

THE SYRIAN Government is increasingly concerned that there will be a fresh outbreak of fighting with Israeli forces in Lebanon this spring. It is convinced that the present talks between Israel and Lebanon on an Israeli withdrawal will get nowhere, say diplomats.

Syrian President Hafez al-Assad is pledged to pull out his 30,000 troops from Lebanon as soon as the Israelis withdraw. But earlier this week, Mr Abdel Halim Khaddam, the Syrian Foreign Minister, emphasised that the Israeli withdrawal would have to be total and said that Syrian security was dependent on Lebanon's integrity.

The Syrians would like to bring their troops home from Lebanon if the Israelis do the same, on the grounds that they will then be in a better position to influence events in Lebanon than Israel will be.

President Assad is also seeking to strengthen his hand by forging better relations with the Soviet Union. He has played down the failure of Soviet equipment in the fighting last June and has recently received Sam 5 anti-aircraft missiles.

Although these missiles, first deployed in the Soviet Union in 1963 and each weighing 107 tons, might threaten high-flying Israeli reconnaissance and surveillance aircraft such as Hawkeye or Awacs, defence experts say they will not greatly strengthen the Syrian anti-aircraft capability. They are, however, a symbol of greater concord between Moscow and Damascus.

Syria has also improved its links with Iran, with which it signed a new agreement in January. Although in private Syrian officials play down its significance, their action is a clear rebuff to the Saudis, who had sought to mediate between Syria and Iraq.

The Syrian Government has long regarded Iraqi President Saddam Hussein with the same antipathy as it views Mr Menahem Begin, the Israeli Prime Minister. Last April it cut Iraq's vital oil pipeline across Syria in return for an agreement by Iran to supply it with 8m tonnes of crude.

Some of this oil is used for domestic consumption, part is refined and then returned to Iran, and the rest is sold on the open market. Part of the deal was that Syria would pay for some of the Iranian crude through barter, but it has proved impossible for Syria to provide the kind of goods needed by Iran.

Mr Ali Akbar Velyati, the Iranian Foreign Minister, may have offered up to $600m in credits to cover the Syrian deficit in paying for Iranian crude, according to some diplomats in Damascus.

Israel's debt servicing bill could reach $2.5bn

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S foreign debt servicing in the coming fiscal year will cost as much as the total $2.5bn (£1.64bn) in aid which it receives from the U.S. Payment of interest alone will reach a record U.S.$1.16bn, according to the Bank of Israel, the central bank.

Israel's foreign debt at the end of September, 1982 had reached U.S.$20.1bn, the bank said, with most of last year's 9 per cent increase being incurred following the invasion of Lebanon in June.

The Central Bureau of Statistics puts the foreign debt at a much higher level of U.S.$25.5bn. Unlike the Bank of Israel, the statistics bureau includes the overseas holdings of Israeli commercial banks in the total.

One cause of the large increase in foreign debt was the Treasury's policy of raising money abroad during the months following the war in Lebanon, in anticipation, according to the Jerusalem Post, of possible punitive steps by the American Administration.

The structure of the debt, three-quarters of which is in long-term loans, has also worsened. At the end of December, the short-term loan component of the total had risen to U.S.$3.1bn, compared with U.S.$2.3bn at the beginning of the year. Short-term debt is expected to increase by another $1bn during 1983.

Mubarak welcomes UK pledge on Lebanon

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

THE BRITISH Government has pledged to use all its influence with the U.S. to secure an early withdrawal of foreign forces from Lebanon, President Hosni Mubarak of Egypt said yesterday.

Leaving London after two days of talks with British leaders, Mr Mubarak said their views coincided on Lebanon and on the need for progress on the Palestinian issue, which he described as "the core of the whole Middle East problem."

President Mubarak stressed the importance of the talks between Jordan and the Palestine Liberation Organisation which he said could result in a joint delegation coming to the negotiating table.

The Egyptian leader also discussed with Mrs Thatcher, the Prime Minister, the Gulf war between Iran and Iraq. Although Egypt has been a major arms supplier to Iraq, President Mubarak said he had no plans to send Egyptian troops to Baghdad, "because this would not be helpful to peace efforts."

Mrs Thatcher had raised the question of greater arms co-operation between the two countries, said Mr Mubarak, but they had not discussed "the very sensitive issue" of the often-postponed visit to London by an Arab League delegation.

Jonathan Sharp in Bangkok assesses moves towards Thai constitutional changes

Retreat for advance in Thai system

AFTER weeks of political infighting and rumours of a military coup d'etat, Thailand's King Bhumibol Adulyadej yesterday set the machinery in motion for a special session of Parliament expected to make significant changes to the four-year-old Thai constitution.

The King signed a royal decree to convene parliament within 10 days after members of the two Thai chambers signed a petition to recall the legislature, which is now in recess.

The net effect of the expected constitutional changes is that Thailand will preserve its quasi-democratic institutions, in which the army has a major role, and arrest moves towards a fully-fledged democracy.

To western ears, this may sound like a retrograde step. But the proponents of change argue that Thailand, which until 1932 was ruled by an absolute monarchy, is still not mature enough politically to stand the strains of full-scale democracy.

They may well be right. Thailand has had 14 elections in the past 50 years, but has also had 15 coups, and the latter have been more effective than the ballot box in changing Thai governments.

First, the special parliamentary session is likely to maintain the considerable powers of the upper chamber, the senate, which is a purely appointed body with about two-thirds of its members drawn from the armed forces.

Parliament has to act now because under existing provisions, the senate's powers are due to be automatically reduced to something like those of the House of Lords.

Backers of the senate say that although its members are not elected, it gives the government an important element of stability. The elected lower house is so fragmented that it makes the Italian parliament look positively monolithic.

Secondly, a new electoral system designed to favour large parties and thus weed out some of the smaller parliamentary groupings is likely to be scrapped. The argument is that even with the new system, there is no guarantee that one party will gain an absolute majority. Chaos could ensue, obliged to step in, and the military might feel

Finally, parliament is likely to discard a provision which bars government servants, both military and civilian, from holding high political office.

The proposed changes ensure that the Thai military which has a traditional distrust of civilian politicians, keeps its strong influence in Thai politics.

Predictably, several senior military figures have been enthusiastically in favour of convening parliament. Among them has been the powerful commander-in-chief of the Thai army, General Arthit Kamlang-Ek, who is often mentioned as a successor to Thailand's self-effacing Prime Minister, General Prem Tinsulanonda.

However, Arthit claims he has no political ambition and publicly supports Prem, who despite a reputation as a ditherer, has proved to be one of Thailand's more durable leaders.

India's Congress (I) party needs major reforms, writes **K. K. Sharma** in New Delhi

Silent Gandhi broods over electoral crisis

THE ONCE-MIGHTY Indian National Congress, which won the battle for India's independence in 1947, is facing its greatest crisis.

With its character greatly changed after Prime Minister Indira Gandhi's Congress (I) Party wrested control of the organisation in 1979, its defeat in two key elections in South India last month could be the first in a series of such setbacks.

Local elections in Delhi tomorrow and in the troubled north-eastern states of Assam and Meghalaya on February 14 will show whether the South India debacle is part of a national trend. If defeated again, the question will arise whether Mrs Gandhi's Congress (I) has a future in the face of new political forces, notably the emergence of strong regional parties.

Mrs Gandhi has kept uncharacteristically silent about the defeats. But she is understood to be deeply frustrated by the performance of her party-chiefs — "Serves us right," she is reported to have said on hearing of the result.

She must also be deeply worried about the calibre of the people she has to draw on. But since the decision to appoint them was hers in the first place, she must shoulder part of the blame herself and indeed she seems willing to do so.

The Congress, both in its original form and as Mrs Gandhi's party, has ruled India virtually without break since independence with a brief interval of power for the Janata in 1977-79. It cannot be pushed aside lightly.

There is no viable national alternative because of the Indian opposition's internicine quarrels. But the recent emergence of regional parties could threaten the country's tenuous unity and weaken the federal government.

Before Mrs Gandhi took control of the Congress in the 1970s, the party held sway throughout the country because it took under its wing all shades of opinion. This discouraged the growth of both other parties and regionalism. In a sense, the Congress projected a national consensus, in a sense it was the very embodiment of India.

The disparate elements which made up the Congress—such notables as the saintly Mahatma Gandhi, the visionary Jawaharlal Nehru and the militant Subhash Chandra Bose — resulted in a curious mixture of ideals and policies which the modern Congress (I) still espouses.

These include Gandhian Socialism (a combination of state control, private enterprise and decentralisation), a dedication to secularism in a country made up of many religions, a belief in India's unity in spite of obvious disparities, and an idealistic foreign policy, which eventually led to non-alignment.

Not all these policies were practicable. But the party leaders reached consensus after often acrimonious arguments in the Congress's elected bodies, like its working committee, parliamentary board and the all-India Congress committee.

Indira Gandhi . . . said to be frustrated about party chiefs' performance

The Congress, as it was when dominated by Mahatma Gandhi and Jawaharlal Nehru, overcame overwhelmingly difficulties because of its democratic structure. The change set in soon after Mrs Gandhi became Prime Minister in 1966, possibly because she did not have Nehru's invincibility.

She faced an immediate challenge from powerful leaders in the Congress, who had been forced to play second fiddle to Nehru. From the beginning, Mrs Gandhi dourly faced the prospect that she could be dislodged by seasoned politicians.

But she emerged victorious in successive battles with them. In the process, she earned her reputation for a ruthlessness and tenacity which she retains. She also surrendered many traditions of the Congress which she had inherited.

The party's democratic structure was eroded as Mrs Gandhi tried to consolidate her position as supreme leader of the Congress and the country. This was reinforced during her emergency rule from 1975 to 1977, when her controversial son, the late Sanjay Gandhi, who had no grooming in the Congress's traditions, emerged as the dominant figure in Indian politics after his mother.

The ascendancy of Mrs Gandhi's dynastic principle, which she still cherishes, meant the creation of what was virtually a new party, which still revolves around the Prime Minister and her family. Since dissent is rarely, if ever, tolerated, the Congress (I)—the "I," fittingly, stands for Indira, not India — is Mrs Gandhi's personal fiefdom: a one-woman, or at best, a one-family party.

The outcome of the elections in the south has been widely interpreted as an emphatic indictment of Mrs Gandhi's methods of political management, of her supression of participative decision-making and of the calibre of courtiers she has promoted. Her supporters believe this to be an over simplification.

The dominance of Mrs Gandhi and her chosen leaders in the Congress (I) is apparent from the fact that internal elections have never been held.

Basic organisational work during elections has almost entirely been done by hired hands. This is partly due to the belief that Mrs Gandhi's charisma is all that is needed—an assumption questioned by her recent electoral setback.

Since members of the Congress executive and other high-level panels are Mrs Gandhi's nominees, their discussions inevitably lack substance and tend to be uncritical.

Mrs Gandhi's party thus appears to contrast sharply with the idealism of its predecessor. Her appointment of her son, Rajiv, to a senior post as one of the party secretaries may reinforce this view in the eyes of her critics.

The major changes which appear necessary require immediate action. A firm promise of early organisational elections throughout the country and to the posts of the party's senior office bearers would show that Mrs Gandhi intends to initiate reforms.

The task Mrs Gandhi faces is enormous in view of the fact that she has less than two years to complete it. She needs to democratise her Congress, find efficient and honest men for Congress governments in the the states and her own federal government, and tone up the administration to demonstrate that she has the interests of the country as a whole uppermost in her mind and not just those of the Gandhi family.

Army deployed in Assam ahead of poll

THE ARMY was yesterday deployed in the Mangaldoi district of Assam state following rioting the day before in which two people were killed. Violence in the state, which will hold elections on February 14 has been increasing, K. K. Sharma writes.

Opposition parties with the exception of the Communists, have announced they are boycotting the elections because of the explosive situation and there are mounting pressures on Mrs Gandhi and the Election Commission to postpone the polling.

In the past few days, attempts have been made to blow up a train, burn Government buildings, smash shops and demolish bridges. Campaigning has been low key because of the tense situation. A general strike and a blockade of roads is planned on Monday.

The violence, which has so far lost the country near £1bn in lost crude and tea production, is being organised by students. They have been demanding the expulsion of "foreigners" — mostly Bangladeshis and Indians from West Bengal—for the past three years.

The agitation prevented elections from being held in Assam in 1979 and the state has been under President's rule, or direct government from New Delhi, since then. President's rule could not constitutionally be extended further, hence the decision to hold elections.

Argentine junta given deadline for handover of power

BY OUR BUENOS AIRES CORRESPONDENT

ARGENTINA'S five main political parties have called on the military Government to fix a timetable for elections immediately and hand over power to civilians by October 12 at the latest.

The multi-party commission, a loose coalition of Peronists, Radicals, Christian Democrats, the Intransigent Party and the Movement for Integration and Development, made its demand in a statement issued on Wednesday night.

The document's publication constituted the opening shot of a renewed political battle between the parties and Argentina's ruling military junta. The resumption follows a lull during January, while most politicians, government officials and senior military officers were on holiday.

The junta of army, navy and air force chiefs held its first meeting of 1983 on Thursday and was expected to consider the multi-party commission's document, which contained harsh criticism of the Government's economic policies and a list of 11 political demands.

President Reynaldo Bignone has promised to hold elections by November 6 and hand over power about 60 days after polling. But he has so far avoided being pinned down to exact dates.

The President hopes to discuss these details with political leaders during a round of talks in February, along with the guidelines for a new electoral law.

The multi-party document also defined the party's position on the Beagle Channel dispute with Chile, reiterating support for the Pope's mediation efforts and a peaceful solution to the conflict, satisfactory to both sides.

Diplomats said the papal mediation is basically complete, and a final agreement is only being held up by Argentina's planned return to democracy later this year.

Bank creditors start to scrutinise Chile's economy

BY PETER MONTAGNON IN LONDON AND MARY HELEN SPOONER in SANTIAGO

CHILE'S leading commercial bank creditors have begun a careful scrutiny of the country's economy to determine more precisely its need for new loans and rescheduling of maturing debt.

Chile has asked for some \$2.8bn (£1.86bn) in private sector debt maturing this year and next to be rescheduled. In addition, Sr Carlos Caceres, the Central Bank Governor, said in Santiago this week that the country needs new loans of \$913m to bolster its depleted reserves.

The 12-bank advisory group of creditor banks met in New York yesterday to consider the request. As yet, no response has been given to Chile, but the banks may meet with senior Chilean government officials next week.

Sr Caceres said that Chile's request for additional credit and a 90-day suspension of principal payments totalling \$264m up to April of this year had been sympathetically received by representatives of the country's creditor banks.

He indicated the Government would continue its policy of refusing to act as a guarantor of private sector loans, but was extending a kind of moral support to private banking and industry, during talks with banking representatives in New York.

Asked if Chile's creditor banks with outstanding loans to private Chilean banks and enterprises held the same view, Sr Caceres said that direct foreign loans to private-sector entities had been made at the lenders' risk.

Chile's private sector accounts for 64 per cent of the country's \$17bn foreign debt.

This high proportion is likely to make Chile's negotiations with commercial banks all the more complex

U.S. deficit fears 'may be excessive'

By Anatole Kaletsky in Washington

THE DEFICIT outlook for the U.S. economy may not be quite as bad as that projected by the Reagan Administration in this week's budget, according to the annual review of the budget published by the Congressional Budget Office yesterday.

The CBO, which is the principal source of official economic advice to the Congressional budget committees, predicts that the fiscal 1984 budget deficit will be \$194bn (£129bn) rather than the \$208bn projected in President Reagan's budget message.

By 1988, the CBO predicts a deficit of \$267bn if there is no change in current tax and spending policies. President Reagan predicted a \$300bn 1988 deficit.

In a reversal of their usual roles, the CBO's forecasters are more optimistic than the economists in the White House.

The CBO predicts an increase of 2.1 per cent in GNP in 1983 as a whole and a 4 per cent growth rate between the fourth quarters of 1982 and 1983.

President Reagan, in a forecast which his advisers said erred deliberately on the side of caution, projected growth rates of only 1.4 per cent and 3.1 per cent respectively for these periods.

In what may prove to be an important clue to Congressional attitudes about the Federal Reserve Board's monetary policy, the CBO projects a 9 per cent growth rate of the M-2 broad money supply figure, in line with the Fed's current targets.

GE traces cause of 767 engine wear

By Paul Taylor in New York

GENERAL ELECTRIC said yesterday that it has traced the cause of premature bearing wear in GE engines used on some Boeing 767 aircraft.

The problem, caused by the breakdown of the aluminium oxide coating on four engine seal rings, could be easily solved, GE said. It will take about four weeks to remove and refit the seals used in 76 engines bought by American Airlines, Delta Airlines and Airbus Industrie.

Reginald Dale profiles the controversial U.S. Ambassador to the UN

The prime of Ms Jeane Kirkpatrick

Ms Jeane Kirkpatrick

FOR THE NEXT ten days or so, Mrs Jeane Kirkpatrick, the U.S.'s first woman ambassador to the United Nations, will have a good chance to take stock of her controversial political theories at close quarters. At President Ronald Reagan's behest, she set off yesterday to see how strongly the flame of democracy is burning in five Latin American countries—Panama, Costa Rica, Honduras, El Salvador and Venezuela—and assess how far it may need further coaxing from Washington.

Mrs Kirkpatrick has held one of the country's top diplomatic posts, and a seat in the Reagan Cabinet, for two years now, but she has shown little sign of shaking off a life-long academic career as a political scientist. Waving her glasses to emphasise a point, the impression she gives her audiences is more that of an *Oxford* Don delivering a philosophy lecture than a power player in the daily cut-and-thrust of the international arena.

Ironically, it was as an academic that she qualified to become a diplomat. Shortly before his election, President Ronald Reagan was shown a learned article she had written in Commentary magazine entitled "Dictatorships and Double Standards." It reflected his own thinking perfectly. To simplify the main theme, it was that there is a vital distinction between left-wing totalitarian states, which are evil, and right-wing authoritarian states, which, though by no means perfect, are suitable U.S. allies.

Mrs Kirkpatrick, a life-long Democrat, became disillusioned with former President Jimmy Carter for what she saw as his anti-growth, anti-business attitudes and his generally namby-pamby approach to the world. She needed no persuading to join the Reagan team, moving swiftly to the UN post.

In British eyes, she is most closely associated with Argentina—one of the right-wing authoritarian states which fits so neatly into her thesis, and the subject of a dissertation she wrote in 1971. It will not be quickly forgotten in Britain that—whatever her excuses—she went to an official dinner at the Argentine Embassy in Washington just hours after the news of the Argentine invasion of the Falklands came through.

It was she, too, who cast the U.S. vote in favour of last November's Latin American-drafted U.S. resolution calling for negotiations between Britain and Argentina on the islands' future, in the teeth of UK opposition. Mrs Kirkpatrick insists that U.S. policy has been thoroughly consistent throughout. She refuses to discuss, however, whether she personally would have sided with Argentina in the conflict, as many suspect.

She does not go down too well with many Americans either. Long years as a lecturer, professor and author have done little to encourage her to hide her admittedly formidable intellect in more diplomatic fashion now that she is a high-ranking ambassador. A number of Americans volunteered the following impressions of her personality following recent public appearances in Washington: "Vain," "domineering," "selfish," "boring" and "arrogant."

To most U.S. ears, her accent sounds pretentious, as does her use of words like "actually" and "*au courant*" and a heavily stressed "of course." She has eliminated all trace of the south-western drawl of Oklahoma, where she was born 56 years ago.

There is no denying, however, that she has brought a frankness to her job which can be extremely refreshing. She openly admits that the U.S. has "behaved like a bunch of amateurs" in handling the politics of the UN, a failure she blames on the "persistent ineptitude" of successive administrations. At one point last year, she appeared to be including Mr Alexander Haig, then State Secretary, in the "inept" category.

She and Mr Haig used to fight like cats over foreign policy and UN decisions. Asked what she missed most about Mr Haig's departure, she replies: "He was teaching me about the military chain of command. I don't suppose I shall have the chance to learn any more about it now." She is referring to a celebrated incident last summer when Mr Haig said that the commander-in-chief (himself) did not communicate directly with a junior officer (Mrs Kirkpatrick).

Mrs Kirkpatrick openly criticises the UN for giving exaggerated attention to some issues and ignoring others. She talks of "hate-filled polarising rhetoric" in General Assembly debates, in which Third World delegates attack their pet bogeys, such as Israel and South Africa, at the expense of serious world-wide issues of war, peace, freedom and human rights.

She feels that the UN has become divided into political and cultural blocs which sometimes overlap, but never include the U.S., which is a member of none. She gives as examples the Conference of Islamic Nations, the non-aligned countries, the Soviet bloc and the group of 77 developing countries.

The U.S. can sometimes count on the support of groups like the EEC and the Association of South East Asian Nations. But often it stands alone, she says, as a result of the failure of previous administrations to appreciate how far the UN has been politicised.

The U.S., she says, must get more skilful at playing bloc politics—how, is not quite clear. She takes some comfort, however, from what she calls "the revolt of the moderates"—the less extreme developing countries which are trying to get the General Assembly to focus on more fundamental world issues.

Mrs Kirkpatrick has managed to prevent a debate on the status of the U.S. territory of Puerto Rico and headed off efforts to bar Israel from UN agencies. Although she often seems naive to the professional diplomats who surround her, she has already left a clear stamp on the UN.

As for her role as a mother of three children in an exhausting top job, she has appended the following thought to her entry in Who's Who in America: "My experience demonstrates to my satisfaction that it is both possible and feasible for women in our times to successfully combine traditional and professional roles, that it is not necessary to ape men's career patterns—starting early and keeping one's nose to a particular grindstone—but that, instead, one can do quite different things at different stages of one's life. All that is required is a little luck and a lot of work."

Democrat proposes secrets Bill

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SENATOR Sam Nunn, a Georgia Democrat specialising in defence issues, has tabled legislation in Congress aimed at stemming the growing flow of U.S. high technology and military secrets to the Soviet Union.

While the Reagan Administration is more than keen to put an end to such technology transfers, Senator Nunn said that it had so far failed to do so as a result of defects in U.S. law.

An 18-month Senate investigation had shown that "the Soviets view American technology as their own resources, to be utilised whenever needed" Senator Nunn declared.

The investigation had demonstrated that Eastern bloc countries were unable to develop their own high technology, but were skilled at stealing it from the West, he added.

His legislation would tighten restrictions on the possession and acquisition by Americans of restricted high-technology goods. At present, police can only move to arrest a suspect after the goods have been exported from the U.S.

The proposed Bill would also transfer enforcement authority from the Commerce Department to the Customs service, allow Customs officers to arrest and search suspects if they had "reasonable cause to believe that high technology is about to be smuggled out of the country" and bug the homes of suspects with the approval of Federal judges.

The subject was also expected to be raised by the Administration with Chancellor Bruno Kreisky of Austria, who met President Ronald Reagan at the White House yesterday.

U.S. officials have expressed concern that Austria has become one of the main channels through which advanced technology is reaching Moscow.

Surinam's deputy army chief found hanged in cell

BY WALTER ELLIS IN AMSTERDAM

THE BODY of Major Roy Horb, Deputy Army Commander in Surinam, was found hanging in a cell in Paramaribo yesterday, according to reports from the Surinamese capital.

Major Horb, formerly a close associate of Lt-Col Daysi Bouterse, the country's army strongman, was arrested with two former Government ministers and 12 other prominent national figures on Tuesday allegedly for planning a coup.

Major Horb's death is said to have been a case of suicide, but in view of the killing by the Bouterse régime of a number of its prominent critics in December, this is unlikely to be widely believed.

The Netherlands suspended its vital economic aid to Surinam following the December killings and was followed by the U.S.

Since then, Col Bouterse has been looking for other sources of aid to his country's battered economy, while attempting at the same time to establish a civilian "government" ready to apply his particular brand of Socialist policies.

The two former Ministers still under arrest are Mr John Harjoprajitno and Mr Jan Sariman.

Fast train to the U.S. gambling capital

BY PAUL BETTS IN NEW YORK

BY THE BEGINNING of the next decade it will no longer be necessary to fly over or drive through the sweltering Nevada desert for a chance at the crap tables or to see the Folies Bergere on the Las Vegas strip.

A feasibility study, just completed on behalf of the U.S. Department of Transport and the city of Las Vegas has recommended construction of a \$1.9bn magnetic levitation rapid rail system linking America's capital of gambling and bad taste with Los Angeles.

The Las Vegas rail system study is the latest in a growing crop of ambitious rapid rail and transit projects being planned in several parts of North America.

It reflects a renaissance of rail travel which has suffered an ignominious decline in the U.S., at the expense of the car and the aeroplane.

It is also opening up an important market in which the Japanese, French and West German manufacturers of high-speed transit systems are battling to penetrate.

So far, the Japanese appear to have the edge in this market. Plans are already advanced for the development of Japanese bullet trains, "the Shinkansen" between Los Angeles and San Diego.

The California state legislature has already approved \$1.25bn in tax-exempt bonds to finance the project which, it is estimated, will cost \$2bn. The Japanese, for their part, have said they are willing to put up about 25 per cent of the money.

If the Japanese seem to have the lead so far, the French have indicated they intend to set up a U.S. subsidiary for a consortium of French companies to market in the U.S. the Train de Grande Vitesse (TGV). This is the high-speed train system linking Paris and Lyon. The West Germans are also making a pitch for this potentially lucrative U.S. markets.

Judging from the fierce and bitter competition for a recent series of important U.S. mass transit contracts, the battle for dominance in the high-speed train market in North America should bring some fireworks.

Among the most controversial of the recent mass transit system contracts is the decision of the New York Transit Authority to buy 825 subway cars from the Bombardier Company of Canada rather than from the U.S. Budd Company.

Although the independent study commissioned by the city of Las Vegas and the Transport Department picked the West German "Maglev" system, the recommendation is bound to raise a few eyebrows.

The study was conducted by the Budd Company, the last remaining U.S. passenger rail car manufacturer since Pullman decided to abandon the market.

But Budd is also owned by Thyssen of West Germany which, in turn, is part of the association of West German companies called Transrapid International. The other West German companies are Messerschmitt-Boelkow-Blohm (MBB) and Krauss-Maffei.

Budd, however, has emphasised that the recommendations were in no manner influenced by nationalistic considerations.

It said the other consultants included Bechtel, the giant engineering and construction company, Transtech International, which has provided technical support to the U.S. Transport Department in advanced transport technology, and Transrapid International, which is developing the Maglev.

According to Budd, Maglev travel is like "flying at ground level." The trains are magnetically levitated, guided and propelled along a guideway by electricity. They can travel comfortably at 250 miles per hour and would link the 230-mile corridor between Los Angeles and Las Vegas in about 70 minutes. At 1982 prices the Las Vegas project would cost \$1.86bn the study said. This would include eight Maglev trains each with four passenger cars making 22 round trips a day.

With a \$65 return fare, the system could become self-supporting and produce a 20 per cent return on equity, the study claimed. If construction was to begin in 1986, the Las Vegas system could start service in 1991.

The Maglev is also being considered for a high-speed link-up of downtown *Milwaukee* and Chicago. This project has been priced at \$1.2bn and would come into service in 1991 in time for the Chicago World Fair of 1992.

India in line for Algerian deal

BY PAUL CHEESERIGHT IN GENEVA

STAR Industrial and Textile Enterprise, a unit of the Star group of Bombay, was due yesterday to become the first Indian company to win a turnkey project contract in Algeria, it was learned in Geneva.

Star has won a £65m contract to design, construct and manage for one year a textiles plant for Sonitex, the Algerian state textiles agency, at Tissemsilt, 250 km south-east of Algiers.

The contract emphasises the growing role in North Africa of Indian contractors and consultants. Star managed four textile factories in Algeria between 1979 and 1982. The company was asked to tender for the new plant in August 1981.

Although competition from the contract came from West German, Japanese and Italian companies, the main rival to Star was Agache Willot of France.

But Agache Willot has apparently been given another textiles plant contract in a deal which is thought to be related to the agreement France has signed with Algeria to buy extensive supplies of oil and gas.

Mr Suresh Mehto, chairman of the Star group, said in an interview that Unionmatex of West Germany is a subcontractor for machinery worth \$20m and that Star is working in co-operation with the Project Equipment Corporation, the Indian state company.

The involvement of the Indian state agency gave a degree of official backing to the Star bid. But India, through its eximbank, is also providing export credits to Algeria of \$28m at an interest rate of 7.75 per cent repayable over 11 years from the signing of the contract.

● Kelvinator, the U.S. refrigerator manufacturer, has entered the growing Indian motor industry by announcing it will manufacture 150 cc two-wheel motor scooters in collaboration with Agrati-Garelli of Italy.

India has a large and growing market for two-wheelers which is at present dominated by Bajaj, one of the world's largest scooter manufacturers. The main challenge to Bajaj is from lohia machines, which recently announced a collaboration agreement with Paggio of Italy.

Japan breakthrough for Pirelli

BY JAMES BUXTON IN ROME

TYRES made by Pirelli are to be fitted for the first time as original equipment on three Japanese cars. The deal is a breakthrough for the Milan-based company, which already holds an important position in the Japanese replacement tyre market.

Pirelli P6 low-profile tyres are to be fitted at the factory to the Toyota Soarer 2.8, the Mazda Cosmo 929 and the Mitsubishi Starion 2.0. These are all high-performance cars at the top of the range offered by the manufacturers, and the Pirelli tyres will be used on cars sold to the Japanese domestic market as well as for export.

Pirelli has a strong position in European tyre technology, which is more advanced than that of Japan, and its low-profile tyres are particularly suited to high-performance cars.

Pirelli does not envisage selling large volumes of tyres in Japan for use as original equipment, partly because of the high cost of transport to Japan and low prices on the Japanese market.

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf C'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½ %
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½ %	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	12 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½ %
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½ %	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½ %	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½ %	Westpac Banking Corp.	11 %
Citibank Savings	¶9 %	Whiteaway Laidlaw	11½ %
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13½ %		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.5%.

† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8¾%. £50,000 and over 9¼%.

‡ Call deposits £1,000 and over 8%.

‖ 21-day deposits over £1,000 8%.

§ Demand deposits 8%.

¶ Mortgage base rate.

Swedes to make robots in France

By David Marsh in Paris

ASEA, the Swedish engineering group, will become the first foreign manufacturer to make industrial robots in France.

The company, which reckons it is already the leader in robot sales in France—excluding Renault which makes large numbers for its own factories—has announced plans to start production of about 100 machines a year, starting in June.

The robots, destined for use by motor companies as well as in other diverse functions, will be made at the company's existing factory at Persan-Beaumont near Paris.

The plant already employs 350 people, of which 20 are engaged in commercialising robots imported from Sweden. Another 20 will be employed to make the machines, and the company hopes to increase robot orders to around FFr 40m (£3.5m) this year from FFr 25m in 1982 and only FFr 6m to FFr 7m in 1981.

Part of the equipment for the machines will be bought in France, notably from the Thomson group and from Compagnie Electro-Mecanique, the electrical company being taken over by the state-controlled Alsthom Atlantique group.

CEM, which signed an agreement at the beginning of the year with Yaskawa Electric of Japan to co-operate in selling robots in the two countries, has just opened a new factory to make industrial robots in the Grenoble region.

Run by the company's subsidiary SCEMI, the plant will manufacture CEM's first all-electric high-precision robots, with output put at 50 during the first year and 100 in 1984.

Manurhin, the automotive machines subsidiary of the state-controlled Matra conglomerate, has been negotiating for months with Fanuc, the Japanese robots giant, on assembling robots under licence in France.

But talks have been held up by Manurhin's insistence on widening the scope of an accord to include rights to market the machines in other countries as well as France.

Shultz bid to counter Chinese criticism of U.S. export curbs

BY TONY WALKER IN PEKING

MR GEORGE SHULTZ, the U.S. Secretary of State, yesterday sought to counter Chinese criticism of restrictive U.S. policies towards the export of high technology to China.

A U.S. official said that Mr Shultz, in his talks in Peking with Wu Xueqian, China's Foreign Minister, explained U.S. regulations on technology exports to Communist countries.

He said Mr Shultz offered figures to show that export approvals of restricted category high-technology items to China had increased and that "the curve is upward."

The Chinese persistently complain about U.S. export restrictions on such items as computers. Last year, Zhao Ziyang, the Premier, told Mr Henry Kissinger, former U.S. Secretary of State, that "in general, the progress of economic and technical co-operation is far from satisfactory."

The U.S. official declined to go into details about Mr Shultz's talks on the sensitive question of nuclear technology exports.

China and the U.S. have been seeking ways around Congressional safeguards legislation which bans the export of such technology to countries which have not signed the nuclear non-proliferation treaty and are not subject to the inspection procedures of the International Atomic Energy Agency.

Westinghouse and General Electric are two of the companies anxious to participate in China's proposed nuclear industry, but are not able to do so because of Congressional restraints.

Other issues discussed by Mr Shultz included Taiwan, textile trade, China's proposed membership of the Asian Development Bank, cultural exchanges and Sino-Soviet relations.

Mr Shultz reaffirmed U.S. commitment to last August's joint communique on arms sales to Taiwan which made a reduction in sales conditional on steps towards peaceful reunification of Taiwan and the mainland.

Mr Shultz and Mr Wu have now held eight hours of talks. The official New China News agency said the meetings had "increased mutual understanding."

On the vexed textile issue, a U.S. official would *not say* if the chances of agreement had been improved or if a fifth round of talks would be held soon.

China reacted sharply last month by banning new purchases of cotton, soyabeans and chemical fibres when the U.S. declared unilateral restrictions on Chinese textile exports to the American market.

Mr Shultz seems certain to have reminded his hosts that despite their criticism of restrictive U.S. policies, the trade balance was swinging in China's favour.

Figures released this week showed that a big jump in Chinese exports to the U.S. last year had reduced China's trade deficit from \$1.7bn in 1981 to \$628.4m in 1982.

China's exports of textile items increased 29 per cent in 1982 to more than \$850m. The other big Chinese sellers in the U.S. market were crude oil and petroleum products which totalled about \$600m.

U.S. exports to China in 1982 reached \$2.9bn, down 19 per cent on the year before. Imports were \$2.2bn, up 20.5 per cent on 1981.

Two-way trade at \$5.5bn was down 5.5 per cent on the previous year.

Reuter adds: The Soviet Union hopes to boost its bilateral trade with China by about 40 per cent this year, following a similar rise last year, Soviet officials said.

They said the annual round of trade talks would begin in Moscow next week, adding that the Soviet Union wanted them as soon as possible after Mr Shultz ends his visit to Peking on Sunday.

Trade between the two remains low. Last year's agreement, signed in April, boosted trade to \$316m from \$219m in 1981.

This compares with Sino-Japanese trade of \$8.86bn last year and Sino-U.S. trade of \$5.2bn.

Preliminary consultations have already taken place in Peking, the officials added, and planned negotiations between the two countries' deputy trade ministers would last about two weeks.

UK NEWS

NCR INTRODUCES TALKING CASH DISPENSER

Banking on a friendly voice

BY MARK MEREDITH IN DUNDEE

"THANK YOU for banking with us – bave a nice day." With these cheering words the banking customer io Britain could sooo be able to withdraw cash from a dispenser at his bank.

Customer friendliness, and greater efficiency are the main improvements which NCR claims for its latest model of cash dispenser, the 5080 which can speak to the customer.

The speaking part of the dispenser is simple and is designed to allow the bank to belp instruct the customer in the use of the automatic teller machine and also tempt him with other banking services.

"Have you tried our home loan scheme?" one of up to 16 pre-recorded messages may say as be goes through the transactions. Using tape recorder cassettes which are then recorded by the machine on to a revolving magnetic tape allows the bank to use any language, or regional accent as well as any message for the client.

According to NCR the messages cannot be turned off. Only by typing out the instructions on the keyboard very quickly, can the customer override the sequence of spoken messages prepared by the bank. Even then he will receive the welcoming and farewell messages – 3.5 seconds each – with the volume automatically adjusted to the surroundings.

But to the relief of the customer, the rest of the people in the queue to the machine will not, however, be informed if his account is overdrawn.

Briusb banks bave been weaning their customers geotly into plastic card banking, and lag behind France, or the U.S. in using banking terminals for deposits and cash transfers. The Japanese have been using terminals for a wide variety of casb functions since the late 1960s.

The new machine from NCR, the market leader in automated teller machines, bas a doubled capacity for bank notes, and improved graphics on the terminal screen.

Deposit-taking facilities, an option not yet io wide use in Britain, have also been improved. Deposit envelopes are stamped with information fed in by the depositing card-bolder.

Other options for the machine, sucb as a camera which photographs each customer withdrawing cash, are expected to be used in models marketed abroad, for instance in the U.S.

Of 6,000 NCR casb dispensers produced to date, 2,300 are in use in Britain.

The cash dispenser market in Western Europe is dominated by NCR and IBM.

Three of Britain's main retail banks, National Westminster, Midland, and Barclays use NCR, although Barclays also bas some IBM machines. Lloyds uses IBM.

At a press conference yesterday Mr Sean Dixoo Child, director of financial systems for NCR, said orders for 100 new models had been placed by the Midland Bank. Barclays wanted 88 and the Yorkshire Bank 20.

The banks plan field tests using their own staffs before placing the machine in the outside walls of the bank for customer use. At about £20,000 for the new machine, the price is roughly the aame as for NCR's existing model the 1780.

Minister cleared on Anderson bid ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. PETER Rees, the Minister of State for Trade, did not break the law when he decided to let a bid by Charter Consolidated for Anderson Strathclyde, the Scottish mining equipmeot manufacturer, go ahead, despite the view of a majority of the Monopolies and Mergers Commission that the merger might harm the public interest, the High Court in London ruled yesterday.

Two judges in the Queen's Beoch Divisional Court refused to grant Anderson orders quashing Mr Rees's decision and directiog, Lord Cockfield, the Trade Secretary, personally to consider the matter.

The decision was taken by Mr Rees because Lord Cockfield took the view that he was disqualified from acting in the matter because he had e small shareholding in Charter. The court beld that Mr Rees was not bound by the 1973 Fair Trading Act to accept a majority recommendation of the Commission.

Lord Justice Dunn said it was not for the court to say whether or oot the proposed merger should be allowed.

The court's sole function was to consider whether the minister acted lawfully. That involved answering only two questions. "Did the minister bave the power under the Act to take the course he did? He did bave that power."

Mr Justice McCullough agreed. He said the court's only task was to say whether the minister broke the law. "In my judgment he did not."

Anderson's claim was dismissed and the company was ordered to pay the legal costs of Charter and the two ministers. Anderson is to consider appealing, and has undertaken to lodge any notice of appeal by February 11.

Lord Justice Dunn said Anderson argued that Mr Rees misdirected himself on the proper separation of functions between the Commissioo and the Trade Secretary, and failed to appreciate that he was bound to accept the 4-2 majority conclusion of the Commission that the merger might be expected to operate against the public interest.

Anderson contended that, if the minister did bave the power to overrule the Commission majority, he bad taken into account irrelevant considerations in reaching his decision.

In particular, Anderson complained about Mr Rees's statement that the majority's view on the possible adverse effects of the merger was "no more than speculative." Lord Justice Dunn said that Anderson alleged that Lord Cockfield had wrongly divested himself of his statutory functions.

Alternatively, if Lord Cockfield bad, in law, made the decision himself, it was vitiated by the fact that he was a Charter shareholder.

For the latter argument to succeed, said the judge, it would be necessary to show that the Trade Secretary allowed his shareholding to influence his decision.

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CBI calls for stricter controls on use of asbestos in Europe

BY CARLA RAPOPORT

THE Confederation of British Industry (CBI), the UK employers' organisation, has attacked the European Economic Community over its failure to produce much-needed reforms on the use of asbestos in Europe.

The move is the first time British industry has joined in the calls for stricter cootrol of asbestos. Last month, Britain tightened its limits on the amount of asbestos dust allowed in its factories.

The new limit is the strictest in the EEC, leading British companies to fear that the increased cost of complying with the limit will put them at a disadvantage against European competitors.

In a letter m Mr Norman Tebbit, Britain's Employment Secretary, the CBI stated that a directive from the Council of Ministers requiring the protection of asbestos workers in all member states "is now of great urgency."

Asbestos, which is used to make vehicle brake pads, industrial fabrics ond building materials, can cause lung disease and cancer in those who work with it. Consumer groups, unions and health organisations around the world have been pressing for greater control of the substance.

The EEC announced its initial investigatioa of asbestos in 1980, but has been unable to reach a consensus.

"We deplore the protectionist pressures and procrastination that have been evident in discussions m Brussels," stated the CBI.

Signed by Mr Bryan Rigby, deputy director general of the CBI, the letter blamed the delay on the attitude of the West German asbestos industry, which, it claims, "has been pressing for less stringent standards to protect its own position."

Several hundred companies througbout Europe are engaged in the processing or manufacture of asbestos materials. Thousands of workers come in daily contact with the substance.

"The mood of workers, employers and the public is one of anger and dismay at the continued delay," states the CBI.

Business team to investigate NHS

BY GARETH GRIFFITHS

THE GOVERNMENT has appointed a team of four senior industrialists headed by Mr Roy Griffiths, managing director of J. Sainsbury, the supermarket chain, to conduct an inquiry into bow the National Health Service is managed.

The team will look at bow manpower and resources are used in the NHS and is expected to report to Mr Norman Fowler, the Health Secretary, by the end of June.

Mr Fowler said yesterday the inquiry team would examine ways in wbich resources could be controlled inside the health service to secure the best value for money and the best possible services for the patient.

"We aim to make the earliest possible impact on the management of the NHS for the benefit of patients and the community as a whole," Mr Fowler said.

● More than £360m has been saved as a result of the blitz on government bureaucracy undertakon by former Downing Street efficiency expert, Lord Rayner, the Prime Minister revealed last night.

Mrs Thatcher told the Commons that, between 1979 and 1981, 108 scrutinies and three reviews covering 35 departments were carried out in association with Lord Rayner.

"From these, firm decisions bave been taken on recommendations wbich will produce savings and extra income of £180m a year and £20m once and for all savings. Further savings, estimated at £85m a year and £8m once for all, depend on further consideration and consultation," she explained.

Barclays defends rate rise

By Alan Friedman

BARCLAYS Bank yesterday respooded to criticism from Mrs Margaret Thatcher, the Prime Minister, over the rise last month of base rates from 10 to 11 per cent.

Mr John Quinton, senior general manager, writing in the bank's quarterly bulletin, denied any charges that the base rate bad been increased to defend the exchange rate during last month's sterling crisis.

Barclays said last night the publication of Mr Quinton's remarks only a day after Mrs Thatcher told clearing bank chairmen she was upset by the January base rate rise was a "coincidence".

Mr Quinton's statement declared that the base rate increase last month "certainly did play a part in arresting sterling's decline, but that was a by-product of a decision based on a rise in money market rates which bad already taken place."

According to Mr Quinton: "Barclays sougbt no credit for its move, any more than it would accept blame for raising rates in different circumstances. In each case a bank must react to changes in a market of which the clearing banks are a part, but will never be a wbole."

Barclays claimed that despite the size and the publicity given to base rate decisions, the clearers' role was "largely passive and responsive", and the ability to set market rates was very limited.

Mr Quinton also said that wholesale money rates were the key to base rate.

Boeing 757 to start service with BA

By Michael Donne

THE FIRST of British Airways' £400m fleet of 17 Boeing 757 aircraft arrived at Heathrow airport, London, yesterday from Boeing's factory at Seattle, U.S.

The twin-engined, short to medium range aircraft is powered by Rolls-Royce engines. It was met at Heathrow by Mr Colin Marsball, the airline's new chief executive. The aircraft, which will be joined by three more in April, will enter service next week on flights between Heathrow and Belfast.

The 757 is replacing BA's ageing Tridents and eight will be in service by the end of this year. It will be used on routes between the UK and continental Europe, including to Rome, Paris, Milan, Copenhagen and Malta.

Timex assurance

UNION officials from the Timex plant in Dundee, Scotland, were yesterday assured by Mr George Younger, Secretary of State for Scotland, that the Government would "at least match" the financial incentives offered to Timex by the French Government to develop its French plants.

Modified Dart

ROLLS-ROYCE is to introduce improvements to its highly successful Dart turbo-prop engine which will give savings of up to 10 per cent in fuel consumption.

The Dart is one of the world's most successful turbo-prop engines, with more than 7,000 delivered since production began over 30 years ago.

Employers to offer flexible time plan in water peace bid

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FRESH PAY proposals are expected to be put to water workers' leaders today in a further attempt to end the national stoppage in the industry which began 12 days ago.

Mr Len Hill, chairman of the employers' negotiating committee, is expected to make a revised pay offer worth and additional £5 to £10 a week, based on flexible working arrangements and improved productivity.

Last summer, negotiators for the National Water Council put forward ideas on more flexible working. These were revived when the employers made a pay offer of 5.9 per cent, but later withdrawn at the insistence of unions, when a mediator appointed by the Advisory Conciliation and Arbitration Service (Acas) awarded 7.3 per cent over 16 months.

Employers argued that higher earnings might result from more flexible working arrangements, but the unions gave a warning that there would be a "furore" if they were implemented.

Since then, officials of Acas have been studying a range of ideas to increase earnings, including flexible working. Latest proposals are thought to be similar to the ones on flexible work rostering put forward by British Rail last year which led to two strikes by train drivers.

Mr Hill was praised in the House of Commons yesterday for adopting a more conciliatory tone in statements on the strike.

"It is the duty of this House to ensure that this dispute is settled quickly and honourably so that the growing danger of pollution can be avoided, and so that householders and industry can have the reliable and safe water supplies the law entitles them to expect," he said.

Mr King confirmed that the employers were ready to negotiate on higher earnings through improved productivity.

The existing offer of an average £10 a week, with the further prospect of a "significant" productivity increase, was very fair, he said.

"I believe there is no longer any justification for the continuation of this industrial action which is causing such inconvenience and distress to those affected by it."

It was officially estimated last night that more than 6m families were being forced to boil water for drinking as the disruptive effects of the strike spread throughout England and Wales.

Ministers optimistic about recovery

By Peter Riddell

GOVERNMENT ministers appear to have ruled out abolition of the national insurance surcharge, a payroll tax on employers, in next month's budget.

Instead, a partial reduction of the present 1½ per cent rate looks likely.

The employers have pressed for abolition and have claimed that the surcharge has contributed to redundancies.

The Cabinet discussed the economic outlook yesterday in preparation for the budget decisions by Sir Geoffrey Howe, the Chancellor of the Exchequer.

Ministers appear to have been guardedly optimistic about the prospects for a modest recovery in output in the UK and abroad.

No specific figures for tax changes were discussed, although ministers were presented with broad Treasury estimates of the room for manoeuvre around £1½bn to £2bn – if the Government sticks to its existing public borrowing projections

Some ministers have urged a rather high level of borrowing in view of the depth of the recession.

CALL FOR £10BN EXPANSION PACKAGE

TUC joins 'Battle for Jobs'

BY BRIAN GROOM, LABOUR STAFF

THE Trades Union Congress (TUC) yesterday published The Battle for Jobs, its economic review for 1983. It includes a proposed £10bn expansionary package for next month's budget, which it claims would create economic growth of 4 per cent and cut registered unemployment by over 570,000 in one year.

The first-year budget needs to be part of a medium-term growth strategy on a similar scale to post-war reconstruction, the TUC says. It proposes a five-year plan aimed at maintaining 4 per cent annual growth and reducing unemployment below 1m.

Mr Len Murray, TUC general secretary, said: "Economic slump and mass unemployment are not inevitable. We must confront and combat the widespread mood of fatalism and pessimism."

The TUC may ask for a meeting with the Chancellor of the Exchequer to put its views on the budget. However, much of the medium-term thrust of the document would clearly be aimed at a possible Labour Government.

The budget proposals include the reimposition of exchange controls and an unspecified devaluation to maintain the pound at a lower level than its 1982 "overvaluation". This appears, however, to fall well short of the rapid devalnation proposed late last year by Mr Peter Shore, Shadow Chancellor.

Mr Murray said he thought the exchange rate against the dollar was about right in terms of competitiveness, but some adjustment against the Yen and the D-Mark might be necessary.

The TUC has never talked in terms of the 30 per cent devaluation proposed by Mr Shore before the pound's recent slide. On the Treasury model, it simulated a 10 per cent fall from the pound's effective rate of autumn 1982, and found it beneficial.

The review says "the devaluation of sterling would not in itself be enough and there is a limit to how far this should go in view of its effect on inflation."

To prevent increased demand leading to a sharp rise in imports, it therefore proposes selective import controls in sectors such as motors, machine tools, steel, textiles, tyres and furniture.

The TUC claims its budget package would achieve sustained growth and reduce inequality without running into "inflationary and other constraints."

Its £10bn comprises: public investment £3.2bn; manpower, education and training £1.8bn; regional/industrial strategy £850m; local authority services £250m; state pensions £700m; social benefits £750m; NHS curreot expenditure £175m; reduction in VAT from 15 to 12.5 per cent, £2.3bn.

Cutting VAT is preferable to reducing the employers' national insurance surcharge for two reasons, the TUC says: cutting the surcharge would have less impact on inflation, and "there is little evidence to show that a cut in the NIS would have any measurable impact on employment."

The TUC has again tested its proposals on the Treasury model, although there are differences from the versions used by the Treasury and the model cannot simulate the selective, temporary import controles the TUC proposes.

No overall figure is put on the five-year plan, but it includes a £29.5bn public investment programme over five years which would create nearly 600,000 jobs. Half of these would be created directly in construction, and the rest as a result of subsequent orders placed in other sectors.

The five-year plan includes selective import controls and the expansion of manpower, education and training programmes. It also includes a 10 per cent reduction in working time over 10 years.

It includes the planning mechanisms agreed by the TUC and Labour Party, including a national economic assessment and National Investment Bank, and industrial democracy. It proposes an annual employment budget as well as a financial one.

Woolworth begins sharp job cuts for managers and buyers

BY RAY MAUGHAN

WOOLWORTH Holdings is almost to halve its management and clerical staff above store level in a series of regional office and buying department cuts involving some 550 people.

The new executive team, headed by Mr John Beckett, which was backed last autumn by a group of City of London institutions in a £310m bid for the ailing chain of 1,000 variety stores, said yesterday that it was making the redundancies in a bid to shorten lines of communication and to trim the regional management structure.

The reorganisation will remove half the buying staff and affect 55 jobs at headquarters. The four regional offices absorb the rest of the redundancy programme, with the Liverpool office set to lose 150 people: Birmingham 125; Norbury, South London 130; and Kensington, West London, 100.

This restructuring, described as "a preliminary step towards securing a successful future for Woolworth," embraces many of the proposals put forward recently by the store managers, many of whom are members of the Association of Scientific, Technical and Management Staffs, and later published as an ASTMS "survival plan."

The group acknowledged yesterday that the buying department had far too many layers of management and that it would need to recruit outside staff to supplement the traditional policy of promoting to this specialist area from general stores personnel.

The review of the department is just the first of a series of investigations into all head office functions.

Woolworth is to restructure the regional network into eight new operating regions. The smaller stores are to be grouped into six areas, comprising Scotland, Ireland and the North-East; Yorkshire and Lancashire; the Midlands; North London and East Anglia; South London and the South East; and the South West.

All stores with more than 18,000 sq/ft of floorspace will be grouped into two entirely separate regions, one for the North and one covering the South.

Many more management staff changes and moves are in hand. It is not clear, for example, that the new regional network for smaller stores would necessarily be based on the existing structure. The Lancashire and Yorkshire regional office will be located in the North-West but probably not in Liverpool.

Regulatory shake-up for City institutions

BY JOHN MOORE, CITY CORRESPONDENT

A MAJOR shake-up in the regulation of the City of London's financial community was announced yesterday by the Council for the Securities Industry, the ultimate regulatory body of the British financial community.

Mr John Hignett, the director general of the Takeover Panel, which monitors takeover bids in Britain, is to combine his present job with the new post of director general of the Council for the Securities Industry.

Announcing the creation of the new post, and the appointment of Mr Hignett, who is on secoodment in his present role from Lazard Brothers, the merchant bank, the council said that "tha move is part of a planned development to integrate more closely the work of the Takeover Panel and the Council for the Securities Industry."

It added: "The panel deals on a day-to-day basis with takeover bids and since the council's creation five years ago it has been regarded as the operating arm of the council in a substantial part of the field. The director general's experience will now be fully available to the council in its work of formulating codes of conduct and supervising the operation of the securities markets."

The appointment comes amid growing criticism of the effectiveness of the council and questioning about its role within the City.

In June 1980 a committee headed by former prime minister Sir Harold Wilson, reviewing the functioning of financial Institutions, said that "to demonstrate its independence conclusively, and also to help increase the effectiveness of the chairman and other independent members, we recommend that the supporting staff of the council should be strengthened and that a chief executive should be appointed of a standing equal to that of the director general of the takeover panel."

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TV plan for Belgium

BY RAYMOND SNODDY

THE BBC is optimistic that it can soon conclude an agreement with Belgian cable television operators for the supply of BBC1 and BBC2 programmes.

The talks with RTM, a group representing Belgian cable operators, could result in a deal which would raise several million pounds a year for the BBC. Talks are also going on between representatives of French and German television.

A BBC spokesman said the fact that the Belgians could pick up British, French and German programmes – although sometimes on a weak signal – had been "a cause of international irritation" for many years. The BBC, for instance, had been involved in talks which dated back to 1976.

The talks were now closer to a solution than ever before, according to the BBC.

Any agreement would involve the television unions. As with the current dispute over repeat payments for actors in advertisements on the new independent Channel 4 and TV-am, the breakfast television programme launched this week, the unions are likely to argue that the sale of rights to use programmes overseas on a regualr basis should involve extra payments.

ICI working hours row

BY BRIAN GROOM, LABOUR STAFF

THOUSANDS of workers in the Mond division of Imperial Chemical Industries may take industrial action in a dispute over shorter working hours; Mr David Warburton, chairman of ICI's manual unions, warned yesterday.

The working week was reduced from 40 to 37½ hours throughout most of ICI from January 17, but day workers at plants in Cheshire and most of Merseyside, which employ more than 10,000 people, have been unable to agree with management on its application.

Mr Warburton said "hundreds" of employees had been walking off sites at 2pm on Friday in the past fortnight.

"We now face the possibility of thousands of ICI workers taking action, including overtime bans, as well as the day workers going home at 2pm on Fridays."

● Ivo Dawnay writes: Negotiators for 90,000 power workers yesterday dismissed as "unacceptable" an offer from the Electricity Council of pay rises ranging from 3.9 to 4.6 per cent.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Chicago bank moves west

IN A MOVE which challenges all those cosy theories about the banking community's undying allegiance to the City of London, First National Bank of Chicago is vacating most of its floorspace in the Square Mile.

But First National, one of the biggest overseas banks operating in London, is not opting for Croydon or Cardiff. It is moving but a couple of miles to Covent Garden, where it will become the principal tenant in the MEPC-Legal and General Long Acre office scheme.

Talks have been going on for months and the new tenant has ended up with four floors, involving 65,000 sq ft net, rather than the two floors it originally required.

The Bank, which employs about 350 people in London and occupies 45,000 sq ft around the City, will be leaving its clearing centre and payments office in Royal Exchange Avenue.

The removal provides First National with a chance to gather its operations into two centres rather than the existing five. The choice of Covent Garden reflects both the absence of large, top-quality accommodation in the inner City area and what the bank describes as "excellent value for mooey."

Rental details have not been disclosed but the Bank is thought to be paying between £16 and £16.50 a square foot for space at Long Acre. The figure is likely to represent a reduction of £4 a square foot or more on the rents which First National is having to pay in the City.

The deal is excellent news for MEPC which has now let about 75 per cent of the 190,000 sq ft building at rents of up to £18 a square foot and given the best possible answer to those who doubted the scheme's success.

Demand

The bank's move west will provide plenty of food for thought for those who have to monitor, analyse and make money out of trends in tenant demand. The recent relative strength of the City office market owes a very great deal to the continuing accommodation requirements of the banks and their needs over the next year will remain a fundamental factor in determining the market's state of health.

The First National decision comes at a time wheo a number of their American competitors have been considering moving part of their operations to less expensive accommodation, but away from the capital rather than on the doorstep.

Chemical Bank has transferred some of its head office functions to Cardiff, Bank of America has taken space in Croydon and is known to be looking at other locations beyond London while Chase Manhattan is also understood to have been considering the prospects of some relocation.

The overseas banking community nevertheless remains an important source of demand for City floorspace. A study completed by Noel Alexander Associates and released this week shows that 31 overseas banks opened new offices in London during 1982 while only two banks closed up and moved on.

The report shows that, since 1960, the number of foreign banks operating in Londoo has risen from 73 to 428 and that the pace at which new offices are being opened has not slackened.

The importance of the banking community to the City market in particular is underlined by figures just produced by the research department at Richard Ellis, which show that, of an estimated 2.3m sq ft occupied in the City last year, at least 400,000 sq ft was occupied by banks and other financial organisations.

"Financial firms, particularly overseas banks, have continued to move within the traditional banking area, upgrading their accommodation and at the same time occupying larger areas of space," according to Clive Arding, a partner at Richard Ellis.

There is little reason to suppose that this fundamental trend is likely to overturn in a flight from the City. But the readiness of an operation like First National Bank of Chicago to contemplate relocation just beyond the City (albeit with important bits left behind) highlights an option which might suit space-takers who have to do something but cannot decide what.

Count-down begins for the Trocadero

IT CAN take a lot to get a surveyor excited but the Trocadero centre seems to have dooe the trick for Christopher Whymao.

Whyman is chief surveyor to Electricity Supply Nominees and he claims his enthusiasm for ESN's £45m shopping, eating and entertainmeot extravaganza on the edge of Piccadilly Circus is being shared by potential tenants.

The Trocadero is due to open its doors to the public this autumn and yesterday saw the launch of the marketing campaign, handled by Richard Ellis and Healey and Baker, to bring in the retail tenants.

Whyman's excitement—and satisfaction that the original concept has been adhered to—is apparently shared by Alan Wilson, senior partner of Richard Ellis, the development consultants. "We have already had approaches from retailers and are considering offers. We haven't accepted any and haven't turned any away. We are determined to get the right tenant mix for a scheme which is unique and which promises to restore the image of a world-famous location."

Retailing space will account for 35,000 sq ft net of the 250,000 sq ft net centre and rents will range from £18,000 a year to £135,000.

Matters are less clear-cut, however, when it comes to the all-important entertainment element of the scheme. The centre is chartiog new territory but it is sticking to traditional 25-year rents, with five-year reviews, rather than opting for any form of rental geared to turnover.

According to Wilson: "There are no comparables. We are talking about long trading hours and a unique location and nobody quite knows what rental values are. It is a question of negotiation and fortunately we are blessed with sufficient interest to make this possible."

[illegible] news (as opposed to the release of large helpings of enthusiasm) was that Guinness has signed lease terms to take about 15,000 sq ft of floorspace to mount a permanent "Book of Records" exhibition. Talks with potential operators of a new "London Experience" are being held, as are negotiations with a series of other entertainment operators.

There will be five or six theme restaurants to complete the unfamiliar mix and catering group Kennedy Brookes is likely to be operating them.

The Trocadero has been a long time in the making and there have been not a few problems. With the count-down to opening well under way—and a £500,000 promotional campaign still to come—the public will soon be able to make up its own mind about the merits of a brave and expensive venture.

Hanover to buy Druce

Hanover Investments, which used to be Balkan Sobranie, this week agreed terms for the £640,000 takeover of Druce Investments, the estate agency business currently handling the sale of British Transport Hotels.

In agreeing to the deal, Druce—with pre-tax profits of £110,000 forecast for the curreot ten-month period to end-February—has found a convenient answer to the problem besetting medium to larger estate agency firms these days.

[illegible] partnership cannot provide it," says Druce's senior partner Reg Shaw. "We looked at limited liability and the Black Horse gallop (a reference to the Lloyds Bank incursioo into the agency business), but Hanover's bid seemed to provide a better answer."

Druce's principal vendors will end up with 29.9 per cent of Hanover—"the most we could have had without having to make a bid for Hanover ourselves," notes Mr Shaw.

It will be going into a holding company structure, with none of the worries about interference from on high, which being swallowed up in a giant financial services conglomerate might bring.

Hanover, meanwhile, wants growth prospects, and does not want to be too heavily dependent on one activity. But with Mr Shaw and his partner, Mr S. A. Parnes, on the Hanover Board, the Druce element should be able to argue for its fair share of investment.

Fleming American buys in Houston

FLEMING American Property Unit Trust is to buy four industrial estates in Houston, Texas, for $16.4m. Mortgages reduce the net cost to $8.8m (£5.8m). This follows a $5.85m office acquisition in North Carolina and the $8.5m purchase of research and development buildings in San Jose, California.

The Houston Estates total 645,700 sq ft of floor area over 30 acres of land. The fund, established 10 months ago, now has an overall size of $32.4m shared among 68 unitholders.

● A public inquiry opened in London this week into the Hammerson proposals for demolition and rebuilding of a City site on the corner of Fleet Street and Whitefriars Street. Hammerson wants 34,000 sq ft of new offices. The City Corporation wants either a refurbishment, or rebuilding behind an existing facade which Hammerson describes as "not glamorous."

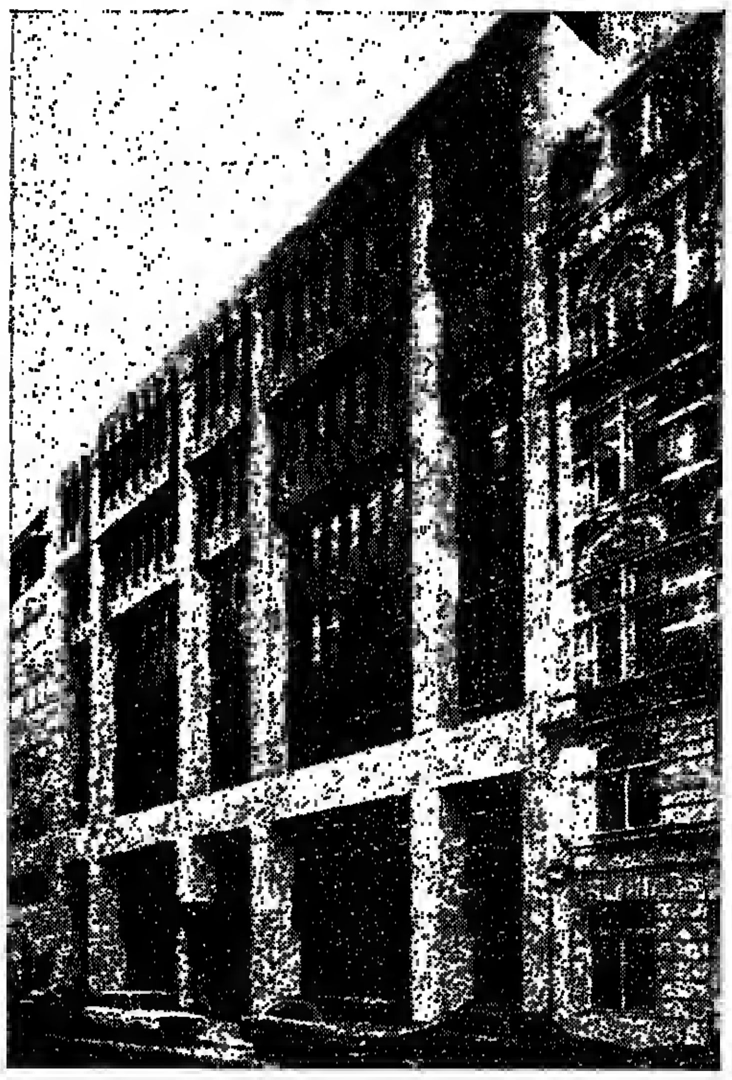
● Rush and Tomkins has bought a 50 per cent limited partnership in MP Associates which is to develop a new regional shopping mall in Danville, Virginia, comprising 93 shops and 193,000 sq ft of total floorspace.

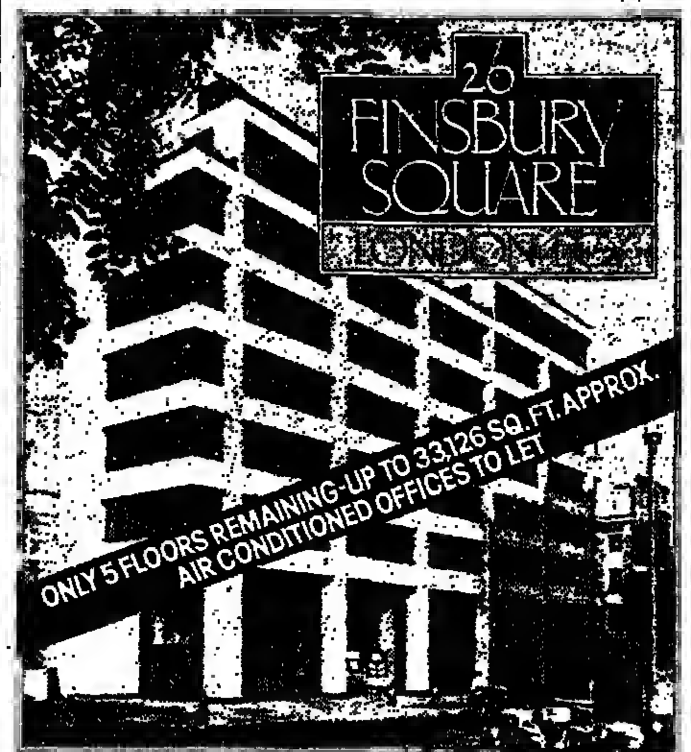
● Norwich Union is funding the £6m development of a 135,000 sq ft industrial estate at Theale, near Reading on a 6.5 acre site which the developers, Rohan Group, bought from the Prestcold subsidiary of the Suter group late last year for £1.3m.

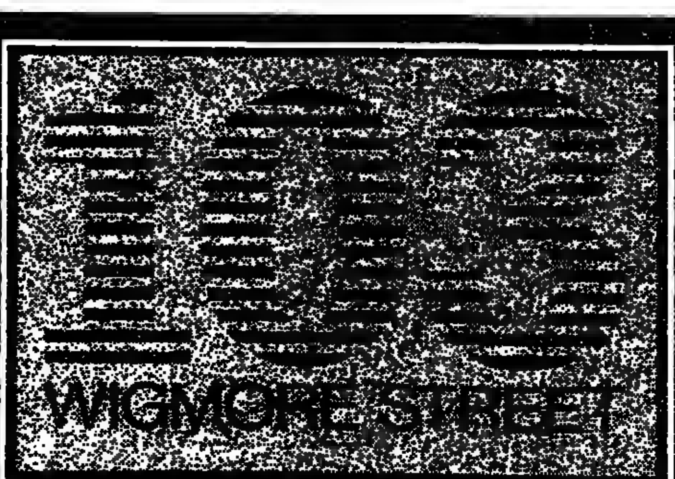
● Town & City Properties disposals in London's West End and Preston's Cheapside bring £2.65m into the corporate coffers. A mixed-tenancy building in Curzon Street and Curzon Place, Mayfair, has raised around £2m and a prime retail investment in Preston making £650,000. Both of the properties are freehold. T&C agents being Chestertons and Michael Laurie on the London deal, and Smith Melzack for Preston.

● New Cavendish Estates has sold a 10,500 sq ft building at 12 Princes Street, Hanover Square in London's West End to GD Services, a subsidiary of an Italian company, for over £2.55m.

● Robert Bosch has agreed to take the warehouse element of the National Water Council Superannuation Fund's £30m Broadwater Park development at Denham. A rent of more than £4 a sq ft is thought to have been agreed for around 270,000 sq ft of accommodation. Jones Lang Wootton and Conrad Ritblat acted for fund. Robert Bosch was introduced by Stimpsons.







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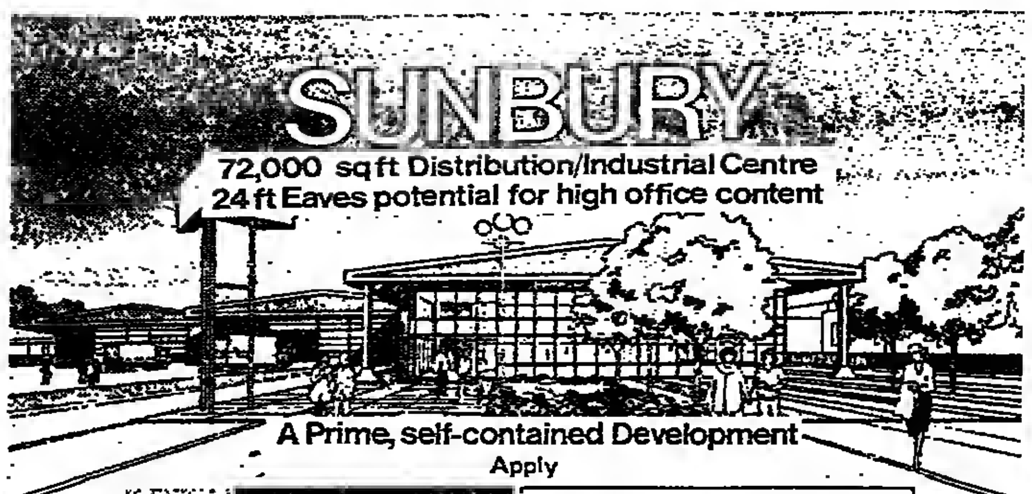

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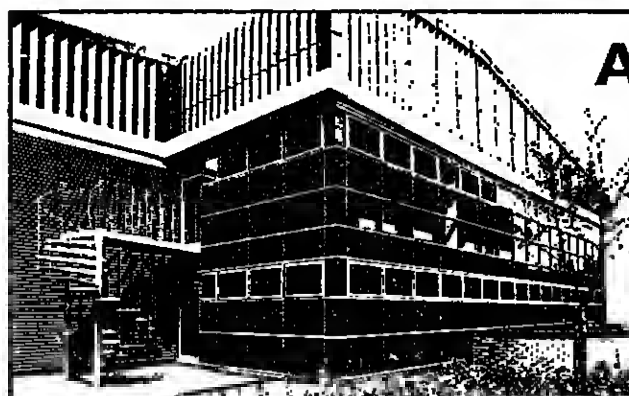

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APPOINTMENTS

Hawker Siddeley group changes

HAWKER SIDDELEY GROUP has made board appointments affecting various member companies. Mr R. J. Dowding becomes sales director of Hawker Siddeley Power Engineering. Mr R. P. Hampson is made managing director of Brush Electrical Machines on the retirement of Mr A. R. Creswick who remains with the group as a director of Hawker Siddeley International. Mr C. L. Smith has been appointed managing director and Mr C. C. Gough production director of Electric Construction. Mr G. Howell becomes chairman of Hawker Siddeley Dynamics Engineering. Other members of the board are: Mr J. G. W. Lee, managing director; Mr A. H. Parker, director and general manager, mining and power systems; Mr P. Brett, director and general manager, marine controls; Mr A. B. Foulds, director and general manager, engine controls; and Mr T. J. Randfield, production director. Mr D. R. Hayes has been made sales director of Partridge Wilson and Co, while Mr A. L. Wolfendale and Mr G. J. Clarke were appointed directors of Brush Power Equipment. Mr J. A. Halley has been appointed managing director of HDA Forgings.

*

Mr D. B. Thomas has been appointed director-in-charge of *KIMPTON BROTHERS* in place of Mr A. J. Tamlyn who has left the company. Mr Thomas has also been appointed a director of Croda World Traders, the parent company.

*

Sir Timothy Kitson has been appointed to the board of EQUISCOPE INSURANCE SERVICES.

*

LEWIS AND PEAT has appointed the following non-executive directors: Sir Francis Sandilands, retiring chairman of Commercial Union, Mr Hugh Parker, recently retired director of McKinsey and Co, and Mr Geoffrey Bell, formerly a director of J. Henry Schroder Wagg and Co, before forming his own company.

*

Sir Alec Merrison, vice-chancellor of the University of Bristol, has been appointed a director of WESTERN PROVIDENT ASSOCIATION. This appointment is in preparation for the retirement of the chairman Mr Alan Wright in early 1985, by which time Sir Alec will have relinquished his vice-chancellorship.

*

Mr J. F. Davies has been appointed managing director of WEIR WESTGARTH, Weir Group's desalination plant and engineering contractor subsidiary. He was contract operations director. Mr P. B. Simpkin, who was appointed managing director of Weir Westgarth in 1973 and who has combined the posts of chairman and managing director for the last two years, will become a non-executive director. He will carry out special assignments for the company until his retirement at the end of 1983.

*

Mr Hugh Aldous has been appointed as a part-time member of the BRITISH WATERWAYS BOARD for two years. Mr Aldous is a partner with Robson Rhodes.

*

THE GLASGOW SALVAGE CORPS has appointed Mr A. F. Hardy, manager of Phoenix Assurance and Mr J. M. Mars, manager of Guardian Royal Exchange Assurance as chairman and deputy chairman respectively for the ensuing year.

*

THE NFU MUTUAL AND AVON has appointed Mr T. M. Barlow, an assistant general manager. He joined the Mutual's accounts department in 1959. Mr A. S. Young will become an assistant general manager. Mr Barlow's replacement as chief accountant will be Mr J. Divers, presently deputy accountant. The new personnel manager will be Mr F. W. Smith, replacing Mr Young, presently personnel officer.

*

BRITISH NATIONAL LIFE ASSURANCE COMPANY, newly-launched subsidiary of Armco Financial Services International has appointed Mr P. David King as chairman; Mr Roger W. Davies managing director; Mr Freddie Burns, sales and marketing director; and Mr Roy Oliver and Mr William Samengo-Turner joins the board.

*

Mr Hugh Henderson has been appointed chief executive of THOMAS WILLIAM LENCH, Warley-based group of fastener manufacturers. He joins the company after eight years with the Delta group. He was previously managing director of Mansill Booth and Co, Smethwick.

COMPANY NOTICES

Notice to Holders of

CITICORP OVERSEAS FINANCE CORPORATION N.V.

A$15,000,000 11% Guaranteed Notes Due 1984

NOTICE IS HEREBY GIVEN that pursuant to Paragraph 8 of the Notes, Citicorp Overseas Finance Corporation N.V. has purchased and surrendered to the Fiscal Agent A$1,332,000 aggregate principal amount of the subject Notes during the period ending January 31, 1983 in satisfaction of the Purchase Fund.

CITICORP OVERSEAS FINANCE CORPORATION N.V.

By Citibank, N.A., Fiscal Agent
February 4, 1983
CITIBANK

NOTICE TO HOLDERS OF

CITICORP OVERSEAS FINANCE CORPORATION N.V.

£20,000,000 10% Sterling/U.S. dollar option Guaranteed Bonds due 1993

NOTICE IS HEREBY GIVEN that pursuant to Paragraph 5 (c) of the Bonds, Citicorp Overseas Finance Corporation N.V. has purchased and surrendered to the Fiscal Agent £800,000 aggregate principal amount of the subject bonds during the period ending March 15, 1983 in satisfaction of the Sinking Fund obligation.

CITICORP OVERSEAS FINANCE CORPORATION N.V.

By Citibank, N.A., Fiscal Agent
February 4, 1983
CITIBANK

PUBLIC NOTICES

THE BUCKINGHAMSHIRE COUNTY COUNCIL
Issued on 2nd February 1983 £5m Bills due 4th May 1983. Tenders totalled £61m, and the entire issue was made at 10 63-64ths%. There are £11m other Bills outstanding.

CLWYD C.C.
£2m Bills issued 1st February due 3rd May 1983 in 11%. Applications totalled £14m. £6m Bills outstanding.

GREAT YARMOUTH B.C.
£650,000 Bills issued 2nd February due 4th May 1983 in 11 1-64ths%. Applications totalled £4.33m. Only Bills outstanding.

WARWICKSHIRE C.C.
£5m Bills placed 2nd February due 4th May 1983 in 11%. £5m Bills outstanding.

NORTHAMPTON BOROUGH COUNCIL
£5,000,000 VARIABLE RATE STOCK 1983
(Issued 2nd August, 1978)

The interest payment due on 3rd August 1983 in respect of the period 3rd February 1983 to 3rd August 1983 will be 6.21875 per cent (less income tax) being at the rate of 12.4375 per cent per annum (a margin of ⅛ per cent per annum above the average of the rates indicated by the Reference Banks to National Westminster Bank PLC).
2nd February, 1983.

COMPAGNIE FINANCIERE ET INDUSTRIELLE DES AUTOROUTES—COFIROUTE
9% 1974/1989 Loan of UA 17,000,000

Bondholders of the above bonds are informed that Bonds for a nominal amount of UA 000,000 were drawn on January 21, 1983 in the presence of a Notary Public, for redemption on March 12, 1983.
The following UA 1,000 Bonds will be reimbursed at par, coupon No. 10 attached, as from March 12, 1983:
15077 to 16056 inclusive
Amount outstanding: UA 12,580,000
Outstanding drawn Bonds
6401 and 6402
6973 to 6970 inclusive
Trustee
FINIMTRUST S.A.
Luxembourg, February 4, 1983

ITT and AT & T: no more cosy cartel

Paul Betts on the battle about to rage between the two largest U.S. telecommunications groups

FIFTY-SEVEN years ago, American Telephone and Telegraph sold the overseas manufacturing operations of its huge Western Electric subsidiary to a sugar broker from the Virgin Islands called Colonel Sosthenes Behn. Colonel Behn, who also operated two small telephone companies in the Caribbean, suddenly found himself with a major multinational concern. He deliberately called it International Telephone and Telegraph to invite confusion with its mighty rival.

But for the past 50 years or so, AT&T and ITT have carefully sought not to tread on each other's toes. In what has been tantamount to a private cartel agreement, AT&T stuck to the North American market and ITT took all the rest.

This cosy arrangement is now over. AT&T is launching a major drive to penetrate world markets again, while ITT has its eyes firmly set on raiding as much of AT&T's domestic Bell territory as possible. The outburst of hostilities is another direct consequence of the break-up of the Bell system.

"We are now going to have an opportunity not only to sell U.S.-built products, we are going to have an opportunity to pull a reverse on AT&T International," says Hal Miller, vice-president of North American telecommunications at ITT. "We are already in place in this market; AT&T International is not in place in Europe. And we are going to have an opportunity to move European products in the U.S."

Although ITT, under the leadership of Harold Geneen, went on a wild diversification binge which turned the company into the world's largest, most complex and controversial conglomerate, the new leaders of the company are now trying to re-direct it back to its original business of telecommunications. They are especially looking to the new North American telecommunications market. "It is the most open in the world these days for providing telephone services," says Miller, adding that companies like ITT will now have a good chance of cracking the local Bell telephone operating company market.

"The big stakes are in North America. I think AT&T ought to be a lot more worried about what is going to happen in its backyard than about what it is going to be able to do in Europe," Miller remarks.

Barely two years ago, ITT did not even have a marketing section to market products and services to the Bell operating companies. "One of our regular marketing people occasionally called around the Bell operating companies, but there was no point in having a marketing section because you weren't going to sell anything," Miller explains. ITT is now setting up a specific marketing team to sell to Bell operating companies. It has hired people from IBM and from AT&T, including the Bell labs.

Steward Flaschen, ITT's general technical director, was among those who came from Bell labs. He claims that one of ITT's strengths in the new American market is its embedded technology base spread around 24 countries in the world.

Although ITT recently sold the controlling interest in Standard Telephones and Cables in the UK and has had its French telecommunications interests nationalised, it is still the largest telecommunications company in the world after AT&T.

Flaschen claims ITT will be able to draw from its international technological base and adapt new products to the U.S. market. "This is what ITT has been doing for the last decade at least in adapting technology developed in one of these 24 countries to a market in some other country or to a third world export market."

Hal Miller: "ITT will now have a good chance of cracking the local Bell telephone operating company market"

One of ITT's biggest hopes is to sell its System 12 digital switching system in America. For ITT, System 12 represents an investment of about $1bn over the life of the project. For Flaschen, System 12 is an example of the way ITT has been transferring technologies from one country to another. The original patents and the start-up on the digital switch system were done in the U.S.

ITT then transferred the project to Europe. "Seven countries in Europe plus the U.S. have co-operated on the hardware and software development of System 12," Flaschen explains.

As part of a complicated anti-trust settlement in 1980, AT & T agreed to collaborate with ITT to help adapt the System 12 digital switching system for possible use by the Bell system. Although the agreement places no obligation on AT & T to buy System 12, it does call upon AT & T to provide system engineering and service support personnel to help adapt System 12 to meet Bell system requirements.

Another aspect of the settlement involves the possible purchase by AT & T of up to $2bn of ITT equipment over a 10-year period. But again, there is no obligation on the part of AT & T. Under the terms of the settlement, however, AT & T made an initial down-payment of $100m in 1980 and is due to make another of $100m next year towards the purchase of ITT equipment. ITT recently said that while expecting to market substantial sales to the Bell operating companies after divestiture, it does not expect these sales to build up rapidly enough to cover the entire $2bn envisaged in the settlement.

Under the 1980 settlement, ITT agreed to drop its anti-trust suit against AT & T while AT & T in turn agreed to dismiss its counter-suit against its rival.

ITT also recently bid on a major AT&T long-lines optic fibres job. "We have done this by combining both our U.S. and our European expertise bidding a combination of U.S. and European technology products—but all from ITT," says Miller. The fact that several companies bid for the AT&T long-lines project is in itself a sign of the way the North American telecommunications market is changing.

A few years ago, the project would not have been put out for bids in the same way. Instead, AT&T would have discussed the entire programme with Western Electric and Bell labs and decided how to go about building the optic fibres line.

The current bidding is for five sections of a 1,000-mile long optic fibre line. "It is part of a complete transcontinental fibre optic system which will go all the way from the east coast to the west coast with a number of tails," explains Miller of ITT. Eventually, the project could involve about 9,000 miles of fibre optic circuit.

But despite AT & T's new approach to bids for the first 1,000-mile leg of the proposed transcontinental fibre trunk system, Western Electric is extremely likely to get the lion's share of the job. Of the five sections, Western Electric is expected to get at least three, leaving one or two for the competition, which, apart from ITT, is understood to include Siemens of West Germany, Ericsson of Sweden and Fujitsu of Japan.

None the less, no one at ITT expects that AT & T competitors will break into the domestic Bell operating company market overnight. This year, the Bell operating companies will still be part of AT & T. Any change, according to ITT telecommunications officials, is unlikely to occur before 1986 or 1987.

"You have to understand that AT&T controls, utterly controls, the technical and purchasing decisions of Bell operating companies. And if AT&T says this is the way we are going to go, 80 per cent of the North American telephone industry leaps to their feet, clicks their heels, salutes and marches off," Miller says. But he adds that this will eventually stop; the local Bell telephone companies are not necessarily going to agree in the future that what Ma Bell wants is good for them.

But although new market opportunities may soon flourish for Bell rivals, few competitors are underestimating AT&T. The new American Bell subsidiary, for example, which begins life this month selling both traditional telephone equipment and new enhanced telecommunications services, is alone a formidable foe. Of American Bell, Miller says: "You cannot dismiss somebody who starts on day one with 50 or 60 per cent market share . . . he may trip over his feet five times and still be sitting there with 45 per cent of the market . . . whether you want to make nasty comments about their marketing expertise or not, they are a force to be reckoned with and you can't write them off."

Success in management can depend on an understanding of cultural characteristics

Round pegs for round holes

WHEN multinational companies ask Geert Hofstede to advise them about top management appointments to their overseas subsidiaries, one of the questions he invariably asks is whether the potential candidate is likely to shout in a crisis.

If the answer is "yes," his advice is simple: don't appoint him to a tour of duty in South-East Asia, however competent he is. Local management will tend to react in a negative manner and business will almost certainly suffer.

Rather, the individual should be considered for an appointment in Latin America, where his personality will be more suited to the national temperament.

Hofstede uses this example to illustrate his strong conviction that successful management—as far as multinationals are concerned, or even just companies employing people of different national groups—depends more on understanding cultural differences than on the proper handling of economic resources.

International co-operation

From his experience as chief psychologist for IBM (Europe) and more recently as director of human resources for Fasson (Europe), part of the Averya adhesives group of the U.S., he believes that companies could—and should—do a lot more to encourage more effective co-operation between people of different cultural backgrounds.

But as he admits, very little is known about how organisational and national cultures inter-react.

To help complement the limited research he has done on the subject, he has recently set up a new non profit-making research organisation in Amsterdam to develop training methods for what he calls "intercultural co-operation." Called the Institute for Research of Intercultural Co-operation, it is to be financed mainly through the projects it can attract — and already it has clients like Shell, a large Dutch and Japanese overseas development agency and one of the largest Netherlands-based management consultants.

"As a complement to micro-economics, organisational psychology and organisational sociology, we need to develop an organisational anthropology to deal with issues of organisational cultures," he says. "On the basis of such research, we can improve our selection and training methods for intercultural co-operation, our personnel policies and our structural arrangements."

Hofstede, who is also about to take up a new appointment as Dean of a small management school in the Netherlands, believes that managers can be taught how to get on well with people of other cultures.

"Foreigners think differently and behave differently and international managers should be aware of this, otherwise problems can easily arise.

"In some countries in Asia, Africa and Latin America, subordinates expect managers to keep them in a dependent role. Problems arise when international managers expect them to behave in the way subordinates would behave in the home country."

Hofstede also believes that cultural factors can be vitally important in a variety of business decisions, including major ones like mergers and takeovers.

"While all mergers and takeovers can be made to work given enough effort, there are some that are inhererently unworkable because of cultural differences," he says.

Hofstede claims that the break-up of two German/Dutch mergers—the airplane consortium of Fokker-VFW and the Estel steelworks joint venture—illustrate his point.

"In both these cases there was a complete misunderstanding of national motivations at senior level. When problems arose, the German managers wanted firm guidelines while the Dutch preferred the more flexible approach of using negotiations as and when difficulties arose. Because of this all decisions presented major problems in themselves.

"Organisations established by mergers have a remarkably low rate of success and the most problematic of all are transnational mergers."

Cultural considerations are equally important in other business situations, he says. "Organisational cultures, once established, are difficult to change and this poses a problem if the company changes its 'environment.' This happens when national companies go multinational, when new technology means the entry of new categories of employees or when markets disappear and new markets are explored.

"For example Shell Oil once tried to move into the travel market and failed; it realised that the people who deal with passengers are completely different from those who deal with energy."

Hofstede says that there are also cultural implications in the way an organisation's overseas central headquarters are organised.

Powerful person

"Foreign operations frequently fail not because they are improperly run abroad but because the international headquarters is not set up to appraise and support the foreign subsidiaries' management; home country rules are applied to host countries.

"In general, foreign operations should be able to rely on a single, high-level contact in headquarters; they should be able to find a person with an understanding of both the foreign and the headquarters culture—and who is powerful enough to act on the foreign operation's behalf in headquarters decision-making."

With the world getting smaller Hofstede believes that intercultural co-operation will be one of the key issues for management in the 1980s. If he has his way, there could be a new type of managerial training course on the horizon.

Arnold Kransdorff

Why executives must learn to live with pressure groups

A personal view on corporate attitudes to the realities of consumerism

FACING a firing line can now be part of any manager's day. The asbestos controversy, the debate over pesticides, drug safety or lead in petrol have all meant that executives have had to spend less time managing and more time dealing with irate pressure groups, the press and nervous customers.

It's a chore they would rather not have to do at all. And it's a job few of them do well. Television, in particular, has a way of making a defensive executive look a little like a man who's just murdered his mother.

There are a number of options open to those who want to ease this problem. One is the Mobil technique of taking the offensive with its advertising. The oil company has long sniped at its critics—as well as stated its side of the story—in prominently-placed newspaper and magazine ads. The campaign has cost Mobil millions, but is generally credited as effective.

A more discreet method is offered in a recent edition of a prominent pharmaceutical newsletter under the headline: "Face the Heat." The advertisers invite executives to spend four days in Malta and learn how to operate coolly in front of television cameras. The fee is SwFr 2,010, not including the flight.

A timely alternative to both these approaches, however, was recently proposed by the Office of Health Economics, a UK-based think-tank for the pharmaceutical industry. In an exhaustive study of those groups which actually fire the salvos, the OHE concludes that increased communication and co-operation with them would head off a lot of opposition before it gets organised.

The report deals primarily with the pharmaceutical industry and its arch-critic, the consumer movement. Even so, its conclusions can be easily extended to any industry which sells products with any element of risk to the public.

Calling companies "needlessly hostile or defensive" toward consumer organisations, the report's author, David Taylor says, "Many people in the industry haven't bothered to understand the consumer movement. I think this is a mistake."

Citing widespread misunderstandings between the two sides and a legitimate demand for more information about the industry and its products, the OHE makes the following recommendations:

- the appointment of a non-executive director who could make special contributions in the consumer field;
- the supply of additional material about the industry's products to the media, possibly supported by advertising;
- increase in educational aids about the products; and
- additional support for voluntary groups involved in the field, such as charities or community health programmes.

The OHE advises that these voluntary organisations would provide companies with social "eyes and ears" which could prove to be of "ultimate" importance to industry.

This kind of support within industry for its consumers can only serve to reduce the hostilities between the two camps. A non-executive director regularly in contact with the consumer movement and politicians should be able to handle difficult questions on television without the aid of four days in Malta.

For the pharmaceutical sector, in particular, these proposals are well timed. The messy controversy over the withdrawal of Opren, an anti-arthritic drug, has put the entire industry on the defensive again.

The U.S. Food and Drug Administration lawyers are still investigating allegations of improper behaviour by the drug's manufacturer, Eli Lilley, while the industry is maintaining a stony silence on the matter.

The only real response has come from the strident newsletter produced by the Association of British Pharmaceutical Industry. Its story about the Opren episode is called "Death of a Drug—Mafia Style." It went on to attack the restrictions on pharmaceutical research in an article called "Seven Deadly Shackles." These shackles included excessive regulation, pressures for "cheap" prescribing and "criticisms from consumerists." An adjacent article was headlined: "Anti-drug bandwagon is a Sham Chariot."

This is the kind of attitude that needs to be abandoned. All too often it virtually guarantees that even the most positive, benign initiatives of industries like pharmaceuticals will be greeted with scepticism from many quarters.

Both sides need to get off their horses and talk—the result would surely reduce the number and intensity of the battles in future. And save more management time for managing.

* *The consumer movement, health and the pharmaceutical industry.* Office of Health Economics, 12, Whitehall, London, SW1. £2.

Carla Rapoport

THE ARTS

Theatre

NEW YORK

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant Nstional Theatre production of Mozart'a life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Genfuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Jnlia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Good (Booth): How Halder became a Nazi in this London import starring Alan Howard and directed by Howard Davies, is eloquent, stylish in set and overlapping scenes, but ultimately convincing for the rather undramatic and prosaic reason that Halder was sought after and treated well. No moral tale there. (239 6200)

Laurie Anderson (BAM, 30 Lafayette Av, Brooklyn): World premiere of United States Parts I–IV, by the best known of the New York-bred artist-performers. (636 4100)

Arts Week

F	S	Su	M	Tu	W	Th
4	5	6	7	8	9	10

WASHINGTON

Toyer (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court. (254 3670)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciaoa by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but s circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of s concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Shear Madness (*Mayfair* st the Blackstone Hotel): Bruce Jordan and Marilyn Abrams recreating the roles they originated in the hit run of this comedy mystery in Boston and Philadelphia. (266 0252)

Spalding Gray Retrospective (Goodman Studio): The sutobiographical monologuist best known to downtown New Yorkers is an acquired taste outside his natural hsbitat smong the young solipsistic set. (443 3800)

VIENNA

Vienna's English Theatre (421 260): Arseoic And Old Lace (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon)

LONDON

The Real Thing (Straod): Fascinating, enjoyable new Tom Stoppard play which examinas n playwright's attitudes to work, music snd love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Noises Off (Savoy): *Michael Frayn's* backstage comedy is still the funniest play in London, owing small debts to Rattigan'a Harlequinade and Pirandello's Six Characters. Brilliantly directed by Michael Blakemore. (836 8888)

The Pirates of Penzance (Drury Lane): *Riotously vulgar Broadway import* that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim *stasis* of the D'Oyly Carte traditioo? (836 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence betweeo s New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

Cinema/Nigel Andrews

Ivory's irresistible India

Heat and Dust, directed by James Ivory

Young Doctors In Love, directed by Garry Marshall

Julie Christie and Zakir Hussain in "Heat and Dust"

"This is the way things bappen in Iodia" says the dumpy young landlord of visiting Englishwoman Julie Christie: "Things get mixed up and absorbed." And *Heat and Dust*, magnificently directed by James Ivory from a script by his long-time collsborator Ruth Prawer Jbahvala, is like a vast bright landscape painting in which the *colours* have all run and blended, forming magical new shapes.

Ivory's film mixes not just the different hues aod textures, sights and souods, of the country, but two different stories, two different periods. The quizzically beautiful Miss Christie, firm of jaw and auburn of hsir, sallies forth into the subconcioent to sleuth out the past of her great aunt Olivia; an English officer's bride who trailed clouds of mysterious scandal back in the 1920s. The old story is intercut with the new. We shuttle freely between present-day Anne (Miss Christie), venturiog delicately and surely into the Indian way of life and thought as she picks out her ancestor's past, and hygone Olivia (Greta Scacchi), caught between the corseted mores and crisp pragmatism of the British Raj and the shimmering variety of India herself, enshrined in the handsome, glittery, elusive Nawab (Shashi Kapoor) who finally seduces her.

As much as a tale of two cultures, weighing each in the balance, *Heat and Dust* is a briliaotly free-flowing stream of cinematic consciousness. In the soft-lensed diffusions of Walter Lassally's photography — how many ounces of unguent went ioto giving the images their rubbed and limpid sparkle?—characters are alwaya magically marooned amid the sum of their surroundiogs.

A trio of English officers jawing over brandy under a night sky—Christopher Cazenove as Olivia's husband, Barry Foster and Julian Glover as fellow high-rankers—are a bright hrittle British speck *amid the vast Indian dark*. The emerald-green and rhubarb-red glad-rags Miss Christie fesloons around herself make her a piece of the earth and trees. And Greta Scacchia's wonderful Olivia, at once volatile aod childlike-pretty with her wido feline eyes and the tugged-down corners of her mouth, moves through the land like a chameleon taking on different colours.

What Ivory offers is a visual translation of an idea of India: India is a place where the "immovable force" of Western shapes and certainties meets the "irresistible object" of Eastern mysticism and subtle mutability.

The film, furthermore, has its *curry* and *ests it. The colours*, textures and settings are ensnaringly beautiful and various, but the characters still leap clearly snd litbely-sketched from the engulfing tapestry.

There are the two contrasted scions of the mystic East with whom Miss Christie tangles: the pudgy, sweet-fsced landlord (Zakir Hussain) who loves her, and the '60s-leftover American hippy (Charles McCaughan) who slternately lechers after and fectures her. "You've got to get in touch with your own femininity, Anne, with your own inner space." There are the strident, anyone-for-tiffin English wlves back in the 1920s: Susan Fleetwood, Jennifer Kendal. There is Shsshi Kapoor's deft and darkling Nawsb, and his hale and caustic Eoglish friend Harry (Nickolas Grace). And above all there sre Misses Christie and Scacchi—the firm-footed and the vertiginous sides of female exploration.

Heat and Dust is the best film James Ivory and his cohorts—writer Jhabvals, lens-wielder Lassally and Producer Ismail Merchant—have yet made. See it and marvel.

★

Young Doctors In Love is a hyperthyroid lark from the comic school of *Airplane*. Director Garry Msrshall and writers Michael Elias and Rich Eustis offer multiplo hilarity in "City Hospital," somewbere in the U.S. Young interns and old Hollywood guest stars share out the casualties between them, which early on look as if they will include the film's script. Recklessly hit-or-miss, it falls flat on its face at evory other hurdle. But since it keeps getting up again and galumphing on, it commands our respect for persistence and finally even purloins a few guffaws.

I would strike out with a large red pencil the central romance between gifted he-intern Michael McRean and beautiful she-intern Sean Young, who has a fatal disease. (Only McKean can operate). But Dabney Coleman, bearded like the pard, plays the paranoid surgeon-teacher to the hilt; freely attacking his students, confusing his instruments and glancing jealous daggers at anyone who wears a white cap (sign of seniority) into the operating theatre except him.

Harry Dean Stanton, with *stark eyes and erinaceous hair*, is the urologist prone to dipping a finger into the specimen tube and tasting. And Patrick Macnee pops up to say one jocose line, which is unrepeatable in this newspaper.

The movie is a sample of the "new comedy" in Hollywood, which works—when it does work—by a non-stop grapeshot artillery of gags in which the bad and tho bad-taste are freely intermixed with the good and the proper. If a movie like this doesn't win you over to its side early on, with bright flashes of high-volt eccentricity, then the genre can be a disaster: (cf *Night Shift*). But when charm and energy *are* on tap, as in the *Airplanes* and as here, tho shambleshanks structure is half the fun and the "badness" of the jokes create their own law of multiplying returns.

★

The National Film Theatre is a happy haven for cinephiles at present. Three excellent concurrent seasons should be enough to keep you off the streets during most of February, and away from the existential terror of watching empty advertising space on television.

Cary Grant, Hollywood's great matinee idol, cleft of chin and cleft of voice (who else has contributed such a dazzling hybrid speciality as Grant's Americanized Cockney?) reigns until the end of the month. See *Blonde Venus*, *His Girl Friday* and *North By North-West* on the large screen, if you have never before. British TV drama-documentary, another hybrid speciality, offers its rigorous riches in a season including work by Peter Watkins (of *The War Game*), John Mackenzie (*The Cheviot, The Stag and The Black, Black Oil*) and Ken Loach (*Days of Hope*). And last and most connoisseur-beckoningly, Georges Franju, The French surrealist and spinner of dark Gothic fables—*Eyes Without a Face*, *Judex*, *The Sin of Father Mouret*—will send you shivering out into the South Bank night. Wrap up well.

Beethoven: at the Konzerthaus, Vienna

Opera and Ballet

VIENNA

Raimundtheater (576626): Die Graefin Mariza (Daily except Mon).

Staatsoper (5324/2655): Le Nozze di Figaro, Falstaff, ballet: Daphnis and Chloe. The Firebird On Wed and Thur the opera is closed for the Opera Ball.

Volksoper (5324/2657): Der Fremdenführer, Die Fledermaus, Die Feenkönigin, Der Vogelhändler, Die *Lustigen Weiber von Windsor*.

LONDON

Royal Opera, Covent Garden: Samson et Dalila, Saint-Saëns' opera in its visually alluring Covent Garden realisation, has Jon Vickers and Shirley Verrett (gripping actors, flawed but commanding singers) in the title roles, and Georges Prêtre as conductor. (240 1066).

English National Opera, Coliseum: A week heavily dominated by Slavonic opera – Tchaikovsky's Queen of *Spades*, in *David Pountney's* grotesque misrepresentation of a production, and a revival of Boris Godunov in pure Mussorgsky guise – Aage Haugland takes the great title role, Elgar Howarth conducts. Gounod's *Romeo* and Juliet, with John Treleaven and Valerie Masterson its lovers, rounds out the repertory. (836 3161).

Royal Opera House, Covent Garden: Sleeping Beauty (Tue and Thur).

BRUSSELS

Théâtre Royale de la Monnaie: Zimmerman's Die Soldaten with the Frankfurt am Main Orchestra conducted by Michael Gielen (Wed).

WEST GERMANY

Berlin, Deutsche Opera: A new Götz *Friedrich production of Die Tote* Stadt by Wolfgang Korngold featuring *Karan Armstrong and James* King in the maio parts. Der Freischütz is a fresh and delightful revival. Hans Neuenfels, the producer of Macht des Schicksals, caused a scandal by sending acolytes on to the stage in tanks. However, singers Julia Varady and Giorgio Merighi were well received. Further performances are Madame Butterfly and Tosca with an all-Italian cast. (34 381)

Hamburg Staatsoper: Der Fliegeode Holländer produced by Wieland Wagner, Theo Adam in the title role. Johann Christian Bach's Amadis – rediscovered after 200 years – had its premiere here this seasoo. It is produced by Marco Arturo Marellis, conducted by Helmut Rilling and features Helen Donath and Doris Soffel. Lucia Popp triumphs in the part of Susanna in Die Hochzeit des Figaro. The Magic Flute, an ultra-modern production by Achim Freyer had n mixed critical reception. (35 151).

Frankfurt Opera: The week starts *with Carmen. Gail Gilmore did jus*tice to the title role, though Franz *Grundheber is only adequate in the* part of Escamillo. Un Ballo in Maschera is conducted by the Young American Judith Somoghi. The Brussels Notional Opera Ensemble offers Charpentier's rarely-played Louise with Felicity Lott in the title role. (25 621).

Stuttgart Württembergische Staatsoper: is offering the complete Jean Pierre Ponnelle Wagner cycle. This week a revival of Die Walküre conducted by Gustav Kuhn with outstanding Wagner *tenor* Peter Hoffmann and Catarina Ligendza. Also *Rigoletto and Der Troubadour with* an all-Italian cast. (20 321).

ITALY

Rome, Opera House: Idomeneo and The Nutcracker.

Milan, La Scala: Ballet Lieb und Leid to music by Mahler.

NEW YORK

New York City Ballet (New York State Theater, Lincoln Center): The seasoo cootinues with the mixed repertory including works by Jerome Robbins, Peter Martins and company head George Balanchine. (870 5570).

Don Quixote (Uris): Rudolf Nureyev, who staged and choreographed this full-length Boston Ballet production, *will dance the role of Basilio oppo*site three ballerinas sharing the role of Kitri: Eva Evdokimova, Laura Young and Marie-Christine Mouis. Nicholas Georgiadis designed the scenery and costumes in the style of the cartoons and paintings of Goya. Patrick Flynn conducts the Symphony Orchestra in John Lanchbery's arrangement of the Minkus score. The final matinee scheduled for February 6 will be the production's 100th performance.

Dana Reitz and Dancers (BAM, 30 Lafayette Av, Brooklyn): Quintet *Project* and n *world premiere* in mixed programme. (636 4100)

Wagner in Venice

Venice has not forgotten Richard Wagner died in the city during Carnival on February 13, 1883. This year's carnival, which begins on February 5 will be partially dedicated to him. La Fenice is putting on Parsifal in German, beginning on February 16 and directed by Gabriele Ferrp. On February 13 itself there will be concerts of music by Wagner Liszt and their contsmporaries, conducted by Peter Maag using Wagner's baton, which is preserved in Venice (repeated 14 and 15). Hans Jurgen Syberger's film on Parsifal will be shown by its director on February 13. There is to be a ball in Wagner's honour the same day.

Music

LONDON

BBC Symphony Orchestra and Chorus with BBC Singers conducted by John Pritchard. Bartok's Cantata Profana sung in Hungarian and Beethoven's Choral Symphony. Royal Festival Hall (Mon). (928 3191)

Philharmonia Orchestra with Vladimir Ashkenazy as conductor and pianist. Prokofiev, Mozart and Strauss. Royal Festival Hall (Tue).

London Sinfonietta conducted by Oliver Knussen with Elaine Barry, soprano. Ives, Finnissy and Grainger and first British performance of Peter Lieberson's Accordance. Queen Elizabeth Hall (Tue). (928 3191).

Jessye Norman, soprano, accompanied by Geoffrey Parsons. Brahms and Wagner recital. Barbican Hall (Tue). (638 8891).

London Symphony Orchestra conducted by Ivan Fischer with Zoltan Kocsis, piano. Wagner, Rachmaninov and Dvorak. Royal Festival Hall (Wed).

Royal Philharmonic Orchestra conducted by *Owain Arwel Hughes* with Ian Hobson, piano. Dukas, Rachmaninov, Mussorgsky and Ravel. Barbican Hall (Wed).

London Philharmonic Orchestra conducted by Sir Georg Solti. Wagner, Beethoven and first performance of McCabe's Concerto for Orchestra. Royal Festival Hall (Thur).

Walter Klien, piano. Schubert. Queen Elizabeth Hall (Thur).

Gidon Kremer, violin and Andras Schiff, piano. Schumann, Schubert, Takahashi and R. Strauss. Wigmore Hall (935 2141).

Ronnie Scott's, Frith Street: Alto-saxophonist Lou Donaldson and his quartet. Ends Feb 12. (439 0747).

WEST GERMANY

Berlin Philharmonie: Tonhalle Orchestra Zurich, conducted by Christoph Eschenbach with Flautist Aurele Nicolet. Mozart and Bruckner (Thur).

ITALY

Rome, Auditorium via della Conciliazione: Mahler 9 (Mon and Tue).

NEW YORK

Avery Fisher Hall: New York Philharmonic, Zubin Mehta conducting. Mozart, Schoenberg (Tue). Zubin Mehta conducting, Hildegard Behrens soprano. All-Wagner programme (Thur). (874 2424)

Carnegie Hall: Royal Swedish Chamber Orchestra, Mats Liljefors conducting. Corelli, Mozart, Mercadante, Bartok, Nielsen (Mon); Philadelphia Orchestra, Riccardo Muti conducting, Claudio Arrau pianist. Prokofiev: Romeo & Juliet Suite (Thur). (247 7459)

92nd St. Y (1395 Lexington): Group for Contemporary Music, Lukas Foss piano, Benjamin Hudson violin, Barbara Martin mezzo-soprano, Foss, Weisgall, Berio, Druckman (Tue). (427 4410)

Alice Tully Hall (Lincoln Center): Chamber Music Society of Lincoln Center, Elmar Oliveira violin. Dohnanyi, Beethoven, Glazunov (Mon, Tue). (362 1900)

WASHINGTON

Concert Hall (Kennedy Center): National Symphony Orchestra, David Zinman conducting, Eugene Istomin piano. Fauré, Chopin, Strauss. (Tue, Wed, Thur). (254 3776)

CHICAGO

Orchestra Hall (220 S. Michigan): Chicago Symphony, Claudio Abbado conducting, Cecile Licad piano. Stockhausen: Gruppen, Rachmaninoff: Piano Concerto No. 2 (Thur). (435 8122)

VIENNA

Musikverein (658 190): Küchl Quartet. Beethoven, Dvorak, Debussy (Wed). **Konzerthaus** (721 211): Alban Berg Quartet. Beethoven, Dvorak, Bartok (Tue).

Exhibitions

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Münster, Westfälisches Landesmuseum, Domplatz 10: For the first time a museum is staging s joint show of the more than 140 paintings which Paul Klee, August Macke and Louis Moilliet brought back from a trip to North Africa in 1814. Ends February 13.

Cologne, Wallraf-Richarts Museum, An Der Rechtsschule: Emil Galle, The French craftsman, widely praised for his artistic style, is celebrated here through some of his most beautiful glasses and drawings. Ends Feb 6.

Frankfurt, Kunstverein, 44 Markt: *Drawings* and *paintings depicting* human beings from between 1960 and 1970 by Pier Pasolini, the Italian movie director. Ends Feb 27.

Tübingen, Kunsthalle: 157 drawings, gouaches, water colours and collages by Jean Dubuffet, the French Art Brut painter and sculptor. Ends March 6.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, *Accademia di Frsncia*: 'Mediterranean Picasso,' a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

Rome, Villa Medici: Mediterranean Picasso. Ends Feb 13.

Rome, Galleria Nazionale d'Arte Moderna: Paintings inspired by Garibaldi from Fattori to Guttuso. Ends Feb 27.

Milan, Castello Sforzesco: Italian silks 1450–1525. Ends Feb 28

Milan, Palazzo della Permanente: Twentieth Century paiodngs including Sironi, Campigli, Carra de Chirico and Morandi. Ends March 27.

LONDON

Walker Art Gallery, Liverpool: John Moores 13 – Britain's first and most *important* Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prizes are generous enough: £6,000, £3,000, £2,000 and ten at £250, but the prestige lies in the selection itself. This year'a exhibition is full of strong uncontroversial painting, both figurative and abstract, with Joho Hoyland victor ludorum. Ends Feb 20.

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of *studio assistants and it* is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

Whitechapel Gallery: *Barry Flanagan* enjoys perhaps the widest or at least the most rapidly expanding international reputation of the younger British sculptors. His work of the past ten years evinces a distinctive, poetic, delicately judicious sensibility, whether it is a natural lump of stone just barely marked or a lesping hare modelled in clay, cast in bronze and brightly gilded. Ends Feb 20.

Detail from The Good Sbepherd, by Murilln, st the Royal Academy, Londnn

NEW YORK

*Metropolitan Museums of Art: Archi*tectural drawings, furniture, photographs and even ceramics comprise the bundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (535 7100)

Whitney Museum: Painter Ellsworth Kelly will becomes better known as a sculptor with this first sculptural retrospective of 40 works dating back to the 1940s and including recent large aluminium and weatheriog steel works, many never before displayed publicly. Ends Feb. 27. (570 3676)

WASHINGTON

National Gallery: On the centeoary of Edouard Manet's death, s hundred paintings, pastels snd photographs ahow the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 8. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and *constructivism through the paint*ings and designs of Kliun, Chasnik, Rodchenko, and Malevich before their exurpation by Stalin. Ends March 13.

PARIS

Fantin-Latour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue. ends Feb 7. (260 3926)

BRUSSELS

Société Générale de Banques: Pierres et Rue 1780–1980. The success of this exhibition bas prompted a longer run. Ends Feb 18.

Musées Royaux d'Art et Histoires: Collectioo of Delft porcelain. Ends Feb 21.

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 yesrs old. *Ends April* 4.

VIENNA

Künstlerhaus: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends Feb 25.

Hard Feelings at the Bush

Doug Lucie's new play, *Hard Feelings*, npened last night at the Bush Theatre in London. It was first seen, in Mike Bradwell's production, last November at the Oxford Playbouse, where it was enthusisstically reviewed by Michael Coveney.

It concerns the trendy communal lifestyle of a group of gradustes living in Brixtnn at the start of the 1980s, and is full of good jokes and acule observation. The designer, as in Oxford, is Geoff Rose, and the cast, also as before, is Frances Barber, Chris Jury, Diana Katia, Jenifer Landor, Ian Reddington and Stephen Tiller. *Hard Feelings* has recently completed a successful tour.

★

Sixteen Impressionist paintings, representing the cream of the Courtauld Institute of Art collection, will be shown at the National Gallery during February snd March to celebrate the Institute's fiftieth anniversary. They include *Un Bor nux Folies-Bergere* by Manet, *La Montogne Sointe-Victoire* hy Cezanne and *Jeunne Femme se Poudront* by Seurat.

★

Gema Craven will star in Andrew Lloyd Webber's *Song and Dance* at the Palace Theatre from Monday, February 28. She is replacing Marti Webb, who leaves at tho end of her contract.

★

Peter Noone, former singer witb Herman's Hermits, will take over the role of Frederic from Michael Praed in *The Pirates of Penzance* from Monday, February 28.

Noone has been playing the role in American productions of "The Pirates."

On the same day Sarah Brightman will be replscing Bonnie Langford in the role of Kate in the Thestre Royal, Drury Lane, production.

★

Paul Channon, Minister for the Arts, has suspended a licence to export a painting by Johann Rottenhammer, *The Coronation of the Virgin*, for three months to give British public collections the chance to buy it.

The painting, on copper, has a long history of association witb the UK snd may have been here since the mid-17th century.

★

This year's Aldeburgh Festival will include three performances of rarely performed Britten works, the first public performance of a composition by Henze and the first British performance of Argento's one-act opera *A Waterbird Talk*.

Tho Aldeburgh Festival-Snape Maltings Foundation has announced the appointment of Oliver Knussen as an artistic director and member of the Foundation's inner artistic planning committee.

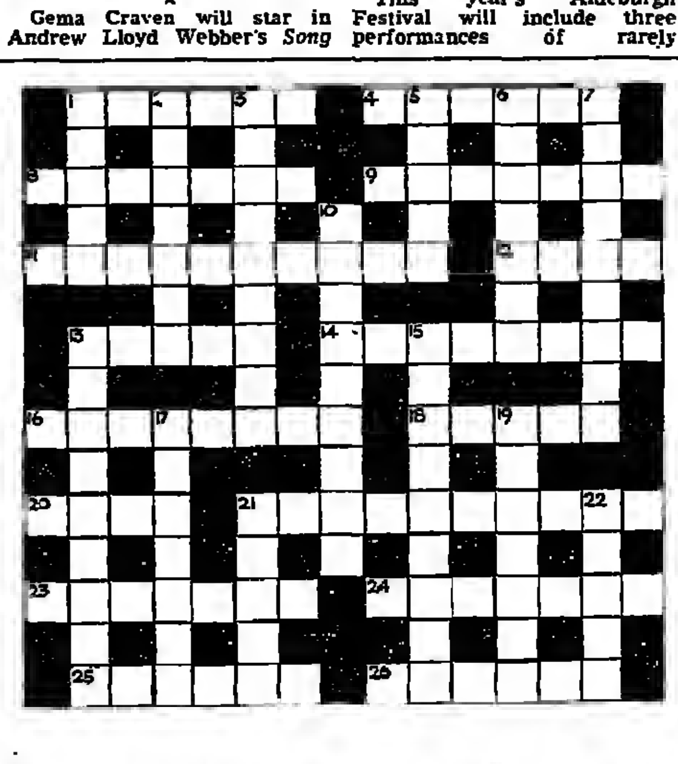
★

Mozart's *Cosi fan tutte* is to receive the Japanese trestment by an English operatic group. A new production of the work is to be performed in a Japanese setting by Opera 80—with the necessary silk costumes costing £9,000—out of the £14,000 outlay.

Director Stewart Trotter says that tho opera'a moral of women's infidelity was incompatible with a modern society, so obstructing the work's true humour. The work would be performed in English.

Martini Rossi and the Arts Council, are sponsoring Opera 80's tour of *Cosi* and *Die Fledermaus*, which opens next month and ends in April.

F.T. CROSSWORD PUZZLE No. 5,089



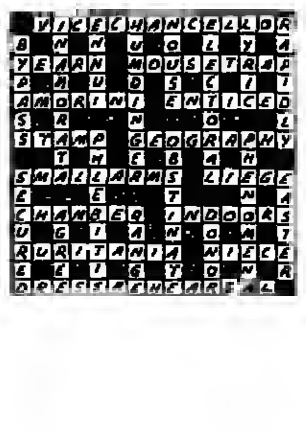
ACROSS

1 Loud Verdi composition full of fire and passion (6)
4 Good opening with scope for clever move on board (6)
8 Am in a rough outhouse and none too proud of it (7)
9 Pray the change will do you good (7)
11 There's a fatal catch in them (5, 5)
12 A mother and father figure (4)
13 He is finally snookered in return (5)
14 One keeps it in reserve (8)
16 Maintained unusual tidiness (8)
18 Half a minute or less (5)
20 Labour staged a walk-out? (4)
21 Community payment (10)
23 Daring type of blazer? (7)
24 A fabric in dispute (2, 5)
25 Want the French to annoy (6)
26 Greek-Cypriot union is one's design (6)

DOWN

1 Put us in charge of the march (5)
2 Letter from America? (7)
3 Features in maoy a police investigation (9)
5 Fly from a ship (5)
6 Shaw's major character (7)
7 Performer can depart in confusion (3-6)
10 He stands, wishing to sit (9)
13 I landed awkwardly on a plant (9)
15 Natural, uncomplicated and not affected (9)
17 Strained to define decimal point (7)
19 A ruthless overtaker from Meissen (7)
21 Waves get bigger (5)
22 English names, no French ones (5)

Solution to Puzzle No. 5,088



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Friday February 4 1983

Australia's key issue

EVENTS MOVE swiftly in Australian politics, so that yesterday's issues are often forgotten the next morning. However, the double dissolution of Parliament, and the calling of a general election for March 5 offer reasonably cheering prospects that the electorate may indeed address itself to the central issue identified yesterday by Mr Malcolm Fraser, the Prime Minister.

The issue is whether or not Australia is to confront, as Mr Fraser intends, the central problem of its wage inflation.

Speculation that Mr Fraser would call an early election has been rife for months. There has been no shortage of issues, from rising unemployment to the entry of foreign banks, the mining of uranium to the building of a controversial dam in the Tasmanian wilderness. Yet the odds were always short that Mr Fraser would choose to go to the country on the issue of the unions, for it is wage inflation and deteriorating productivity that have harmed Australia's competitiveness and added to its burden.

The economy is not in good shape, despite massive inflows of capital attracted by the prospect of investing in natural resources. Inflation is running at an annual rate of 11 per cent, and unemployment heading for 12 per cent. The severest drought in 200 years is harming exports, and the depressed state of the minerals trade has caused a collapse in profit and layoffs in manufacturing. More depressingly, the recession has caused the abandonment or postponement of numerous mining projects.

That is not a permanent worry. Australia is set to become one of the world's top minerals suppliers. With its well-trained workforce and its fierce addiction to democratic values, it will continue to attract foreign investors.

But as the recent OECD report pointed out, wage inflation is still deeply rooted within the system, while Australians are pioneers in the search for a progressively shorter working week without offsetting reductions in labour costs. The drive for high wages and shorter working hours is not matched by corresponding gains in productivity. Australians' propensity to strike has now reached the proportions of national pastime.

The country is experimenting with a wage pause, imposed by the Liberal-National Party coalition Government of Mr Fraser. Yesterday, capitalising on the continued disarray within the Australian Labor Party, Mr Fraser said that a concerted attempt by the unions, backed by the Labor Party to break the wages pause, was divisive and destructive. He said the pause was introduced with the agreement of the seven state governments, and endorsed by the Arbitration Commission:

The problem, for Labor, is that it has not yet articulated its economic policy. It recently rearranged its senior spokesman, and yesterday jettisoned its leader, Mr Bill Hayden, in favour of a successor, Mr Bob Hawke, who has barely a month in which to finalise and present an alternative economic strategy.

Australians have not forgotten the debacle of the sacking of the last Labor Government led by Mr Gough Whitlam by their Governor General in the mid 1970s. Under Mr Hayden the party was riven with feuds. Last year, Mr Hayden thwarted Mr Hawke's challenge, but Mr Hayden's performance in recent weeks has been totally eclipsed by that of a Prime Minister with the lust for battle in his eye.

Mr Fraser is admired for his political skills, if not for his vision, and in a campaign that promises to be ugly, even by Australian standards, the country may well stick with him. He is certainly right to insist that he cannot govern Australia constructively unless the problem of unrealistic wage demands is faced up to .

Money market politics

NO DOUBT there is much to criticise in the operations of the British clearing banks. But to blame them for the recent rise in short-term interest rates, as Mrs Thatcher apparently chose to do at a lunch with clearing bank chairmen on Wednesday, is taking things a little far.

The original cause of the grievance was Barclays Bank's decision to raise its base rate when the Prime Minister was away in the Falklands. It was said to have made its move without waiting for the appropriate signal from the Bank of England. So much the better, then, that Mr John Quinton, senior general manager of Barclays, was ready yesterday with a rejoinder.

Mr Quinton declared, to some point, that the Bank of England's policy since the abolition of minimum lending rate in 1981 had been to allow market forces a greater role in determining the structure of short-term interest rates; and that the chief determinant of the banks' base rates was the marginal cost of bank funds as reflected in the inter-bank market.

He went on to argue that the rate at which the Bank of England intervenes in the market has no direct impact on the clearing banks' judgments about base rate, except to the extent that its actions moved money market rates generally. In the final analysis conditions in the market depended not on the banks, but on the transactions between the monetary authorities and the private sector.

To go from there to assert that the clearers' role is largely passive and responsive is to move into slightly more contentious territory. Any bank that leads the change in base rates will tend to anticipate the trend in money market rates as it does so. But is the Prime Minister seriously suggesting that the banks should refrain from exercising judgment in this way?

It is not unusual for politicians to look for a scapegoat when markets pass an unfavourable judgement on their policies. Little more than a decade ago another Tory Prime Minister irately castigated leaders of British industry for failing to invest. So, too, with central bankers; Dr Arthur Burns, when at the Federal Reserve, was known to express pungent views to individual banks about their changes in prime rate.

If the present incident has caused surprise, it is probably because people tend to think of Mrs Thatcher as the bearer of the monetarist, free market gospel. Far from it; no monetarist, nor indeed any other kind of economist would support the notion that interest rates, money supply and the exchange rate can all be controlled at one and the same time. She is a politician, not an economist—and it would be foolish to forget it.

Export subsidies

OFFICIALS OF the Treasury are reported to have expressed concern about the cost-effectiveness of the official subsidies used to promote British capital goods exports. Their concern is justified and deserves a more considered response than has so far been forthcoming from Ministers. It has been too readily assumed that the subsidisation of capital goods exports, whether through artificially low interest rates or in other ways, is an essential weapon in Britain's trade armoury and that, without it, unemployment in the capital goods industries would be even higher than it is already.

The familiar argument is that other industrial countries do the same and Britain cannot afford an act of unilateral disarmament. It is true that subsidies have now become deeply entrenched in the world trading system. As is shown by the long arguments over the OECD export credit consensus, it is extremely difficult to bring these practices under international control. But the extent of subsidisation in many industrial countries goes further than support for exports.

In sectors where state-owned undertakings are the dominant purchasers capital goods producers have a captive market which is virtually closed to foreign suppliers. The price these undertakings pay for equipment is higher than it would be if they were free to buy in the world market; this in turn raises the price they charge to their own customers.

It is not obvious how taxpayers and consumers in the exporting country benefit from this pattern of protected high-price domestic markets and subsidised low-price overseas markets. Industrial countries including Britain are engaged in a mercantilist competition which may bring kudos to individual ministers when major overseas contracts are won, but which imposes heavy costs. The balance between costs to the taxpayer and benefits to industry needs to be assessed more fully and more openly.

EXODUS FROM NIGERIA

Scapegoats for an oil glut

By Quentin Peel in Lagos

FOR the past three weeks, Nigeria seems to have been suffering from a chronic case of schizophrenia. It has managed to expel hundreds of thousands of migrant workers in conditions of considerable misery without apparently suffering from any great degree of public remorse.

Yet at the same time it is going through intense soul-searching over the scandal of a fire which gutted the largest office block in Lagos, leaving the country temporarily without telephone and telex links to the outside world.

The expulsion of the Ghanaians and other West Africans who had flocked to Nigeria for jobs over the past 10 years of oil boom is regarded as the legitimate action of a sovereign state, even though it was done without warning and without consultation. Criticism has focused on the manner, but not the principle, of the exercise.

The suspected arson in the headquarters of the Nigerian External Telecommunications (NET) corporation, apparently to cover up a fraud in the organisation's accounts, has shocked Nigerians far more. It is seen as a national disgrace, a grievous blow to national pride, and as conclusive proof of the chronic corruption and inefficiency of the country's public service. It even precipitated an unprecedented student demonstration in the streets of the capital demanding the removal of President Shehu Shagari's civilian government, and the return of military rule.

Both those events have caused another matter of paramount importance to the economic health of the nation to be passed over with barely a comment—the renewed slump in Nigeria's oil production. Only the top civil servants and businessmen have been watching, mesmerised as the disarray in the Organisation of Petroleum Exporting Countries (Opec) has once more made Africa's oil giant the centre of the market battle over the price of crude.

Of course, the decision to expel the illegal aliens is directly related to the glut in the international oil market, and the resulting plight of the Nigerian economy, as much as it is to the forthcoming national elections.

For two years now, oil production has fluctuated at levels far below the 2m barrels a day (b/d) on which Nigeria's ambitious economic plans were once based. Both foreign exchange income and government revenues have been slashed, forcing drastic cut-backs in imports and general economic activity, and in turn resulting in a sharp increase in urban unemployment.

Public attention inevitably focused on the presence of migrant workers, who had taken on thousands of lowly-paid jobs in construction, textile factories, hotels and domestic service—jobs which in normal circumstances most Nigerians would consider beneath their dignity.

When Alhaji Ali Baba, the Minister of Internal Affairs, made his announcement on January 17 that the migrants had two weeks to leave, it came without warning—even to some of his Cabinet colleagues—but it came as no surprise.

The exodus in full flight: Ghanaians arrive at the Benin-Togo border just 100 miles from their homeland

Few doubt that the decision was made with more than an eye on the forthcoming elections—the first since 1979, when President Shagari was elected to take over after 13 years of military rule. But it is a decision which could yet backfire. The migrants have effectively been made scapegoats for the ills of the country.

The exodus is not going to solve Nigeria's economic problems, even if it buys a momentary breathing space. The slump in oil production has already taken too great a toll. While average production throughout 1982 ran at 1.3m b/d, producing revenue of around $1bn a month, imports remained stubbornly above N900m ($1.35bn), in spite of austerity measures introduced by President Shagari in April.

Foreign exchange reserves were already down by then to around N1bn ($1.5bn), or little more than one month's import cover.

The books have been balanced, therefore, only by an ever-increasing delay in payments of trade bills.

Although the figure is hotly disputed by Government officials, the extent of those trade arrears is widely estimated by bankers at around $5bn—the equivalent of three months' imports at the rate prevailing in early 1982.

Because of the continuing low level of oil production throughout the year, with only a slight respite in June, when it topped 1.6m b/d, Nigeria has been unable to reduce that backlog at all. Although foreign exchange reserves are still officially stated to total around N1bn, that figure is obviously purely notional.

Nonetheless, the import restrictions have gradually begun to take effect: monthly imports came down during the year from N1.2bn to less than N900m.

Officials maintain they are now down to N800m and new import restrictions introduced on January 1—putting the vast majority of goods under strict import licensing—are likely to cause a big drop in this month's figures.

The Government's stated target is to reduce all foreign exchange outflows to a rate of N600m a month—including loan repayments, which means visible trade of a lot less.

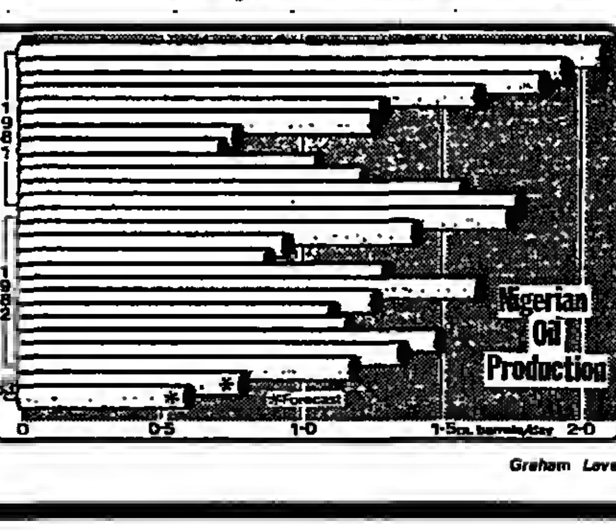
The real reason why imports have started to drop, however, is not the Nigerian Government's administrative efforts, but the response of the international banks to the country's trade arrears. Virtually all the major banks heavily involved in Nigeria have simply stopped confirming letters of credit, and only the smaller banks are prepared to take on new commitments.

The local economy is being hit in two ways. The shortage of Government revenue — normally more than 80 per cent comes from oil — has meant that major public spending contracts have slowed down across the country.

Even before the migrants were forced to leave, construction companies had been laying off their workers in large numbers. The simultaneous cutback in imports has hit both spare parts and raw materials for industry, and there again, lay-offs have been announced in most parts of the country.

"We are experiencing something which has never happened in Nigeria for 10 years: a downturn in consumer demand," according to a senior executive in one of the largest trading houses. "Unemployment is beginning to bite. Hence the reason for this enormous pressure from the unions and others on the aliens. And unemployment will get worse. The import restrictions are crippling local industry, whatever their intention. It may take years to get industry moving again."

If all things had been equal, and the oil market had held, Nigeria might have hoped to get its balance of payments under control in the course of 1983. But fate has been cruel. Oil production in January is likely to total little more than 800,000 b/d, the lowest monthly figure since August, 1981, and oil company officials predict, on the basis of the number of tankers scheduled to call at Nigerian export terminals, that February will be lower still.



Graham Lever

"Production used to be underpinned by long-term contracts," according to one company executive. "Most of those finished at the end of 1982, and have not been renewed. So production fluctuates according to the arrival of tankers.

"The Nigerian National Petroleum Corporation (NNPC) still has some Government-to-government contracts, but the independent traders are buying nothing. The only ones to have continued lifting are the major companies, and most of them are phasing out (their contracts)."

As a result, Nigeria is now the Opec member whose oil production is furthest below its quota—set last year at 1.3m b/d—and is therefore most urgently in need of an Opec agreement. Indeed, Mallam Yahaya Dikko, the president's oil adviser, who is also the current Opec president, put in a major effort to get an agreement before last month's Geneva meeting.

He failed because of the refusal of Saudi Arabia and the other Gulf oil producers to agree to new production quotas unless the African states—Algeria, Libya and Nigeria—promised to increase the premium they charge above the $34 Saudi marker price.

There is considerable bewilderment in Nigeria about the reasons for the Saudi rejection of a straightforward production-sharing agreement under the existing price structure, which puts Nigerian oil just $1.50 above the marker price.

Both Governments and company officials argue that any move to increase that differential would be suicidal in the present market.

There is a strong suspicion in Lagos that the Saudis, by picking a quarrel in Geneva, were trying to force Nigeria to take the lead in cutting oil prices, in spite of the very real danger that this could precipitate an uncontrolled downward spiral.

There is a further complication for Nigeria to cope with. If the country is to pay off its backlog in trade arrears, it clearly needs a very substantial balance of payments loan.

Saudi Arabia has indicated its willingness to find at least some of the money, and talks have continued on and off for the past year. But, if Nigeria takes the Saudi loan—which could amount to less than $1bn, not the $3bn once being mooted—it would almost certainly have to tow the Saudi line.

There are two other possible sources of balance of payments finance — the International Monetary Fund (IMF) and the commercial banks. However, top Nigerian officials remain adamant that they will not approach the Fund for money because they are convinced it will demand a devaluation of the naira in return. They consider such a condition would be politically disastrous before the election.

On the other hand, it seems highly unlikely that the commercial banks will agree to put together a major package without an IMF programme of stabilisation to underpin it. There is also the problem of the unpaid arrears.

Meanwhile, the most senior Nigerian Government advisers are by no means convinced that a loan is the right answer. They apparently fear that it might encourage the politicians seeking re-election to go on a spending spree. As one senior official put it: "Perhaps we should learn how to fast."

That attitude is quite common in the upper echelons of the country. "I believe the next 18 months will be very tough indeed, with no real growth," says Chief Ernest Shonekan, chairman and chief executive of the United Africa Company (UAC). "I believe very strongly we have to go through all this. For the last 18 months, people have been worrying about how to spend money, not how to make money. We must go through this kind of disciplinary action to take the scales out of our eyes."

Others are doubtful that austerity will change very much. "Perhaps naively, I had thought that these economic problems might make people get their act together and behave differently," one oil company executive said. "But we have still got the same old problems."

"The expulsion of the aliens was an act of economic illiteracy. The NET fire was the last straw," according to a former top civil servant. "It was a traumatic experience, and another visible sign of the incompetence of government."

"This is a country of dreamers," a leading banker said. "They prefer ignoring or hiding the reality from themselves, rather than have sleepless nights. But they are going to have to swallow their pride and go to the IMF after the elections."

Men & Matters

Steel stock

Ian MacGregor, chairman of beleaguered British Steel, is giving rapid preferment to one of his brightest young men, David Prior, 27-year-old son of Jim Prior, the Northern Ireland Secretary.

David Prior moves soon to Halesowen, Birmingham, to learn the key trade of steel stockholding under the experienced tutelage of Cliff Keeler, managing director of British Steel Service Centres for the last ten years. At the end of the year Keeler will retire, shortly before becoming 60, and Prior will take over as chief executive of the £200m-a-year business.

Traditionally the best steel management jobs have been reserved for men with dirt under their finger nails, engineers, and sometimes accountants. MacGregor sees the industry rather differently. He found Prior, a barrister by training, at Lehman's the bankers, took him to Lazard Freres in New York, and then made him his personal assistant at British Steel.

Prior will be running a business with about 11 per cent of the British steel stockholding trade—which handles altogether about half the steel sold in Britain. As bulk steelmaking has declined and direct sales from mills have fallen away the role of stockholding has become increasingly important to British Steel's business.

Prior could hardly have a more able teacher than Keeler who was himself wooed from the private sector (he was a Miles Druce director) to build up British Steel's stockholding arm. He is one of the few steelmen in Britain who can move with equal assurance in both the public and private domains of the industry.

MacGregor, by placing perhaps his favourite young man in the hot seat, is seen as putting down his own marker to serve a second term as chairman from 1984.

Charity afloat

Hong Kong shipowners C. H. Tung, in Glasgow yesterday for the launching of his new £15m bulk carrier by the Queen Mother at Govan, bravely put a humorous gloss on the current trials of the shipping industry.

Today's shipowner, Tung defined as "someone who always gets his facts wrong, is perpetually very poor, and only makes money by accident or good luck not by design."

Shipbuilders, he said, were "people running the biggest charity organisation . . . trying to give ships away for nothing."

But the charterers—including, presumably, Canada's Alcan which is chartering the latest addition to Tung's fleet—he added, were "white nights," bringing relief to the industry despite their own troubles in the recession.

Paul's friend

For those fascinated by the inner workings of power this year's Indian Republic Day honours list holds an important clue.

Two foreigners received the country's third-highest honour—the Padma Bushan. Unsurprisingly one was Richard Attenborough for his film Gandhi. The other is a mellow naturalised Briton of Indian origin named Swraj Paul.

Paul's special role is that he is one of a tiny number of people who have made friends with, and have remained close to, India's prime minister Mrs Indira Gandhi.

Paul is more familiar to the public as head of the Caparo Group, with headquarters in London. Since his arrival in Britain 17 years ago, the group

"Just rub this on and they'll disappear quicker than Timothy Whites"

under his direction has diversified and prospered with steel tube production in South Wales, hotels, prime London property, and ship management.

He has just been doing what came naturally. His family roots go back to the little Punjab town of Jullundur where his father started making implements in a home-made foundry and sowed the seeds of a big industrial conglomerate in India.

Ostensibly Paul received his honour for helping to organise the successful Festival of India in Britain last year.

But the probability is that Gandhi's gesture was more deeply personal. Paul has become so close to India's prickly leader that he can by-pass the bureaucracy that surrounds her. When she went to Washington recently for her fence-mending visit with President Reagan she asked Paul to go with her. She frequently calls him in London for advice. His views on how she might react to sensitive situations are often sought by other leaders. "But I am not" he insists with a twinkle in his eye "by nature a politician."

Mrs Gandhi has more than once tried to persuade Paul to take top Indian official position. On her return to power in 1980 he was offered the choice of being High Commissioner in London or Ambassador to Washington. He refused both jobs.

Those who know him and Mrs Gandhi believe the key to their close relationship is to be found in the fact that he has proved over the years that he wants nothing from her.

Hoff break

Things change so fast in California's Silicon Valley that few moves cause much surprise. But Ted Hoff's decision to quit chipmaker Intel to become vice-president of research and development at Atari, the video game and home computer company, has caused a real stir.

Hoff was regarded as an Intel fixture. He was one of the company's first handful of employees, invented the microprocessor at his drawing board there, and after constantly refusing any promotion outside his research role was honoured with the title of Fellow of Intel.

As one of Intel's highest-paid men and also, it is believed, a substantial stockholder, colleagues reckon that Hoff must have been able to name his own price to join Atari.

But that is unlikely to have been a major consideration, they say. And Hoff confirms it.

"As a technical person, I am drawn to places where interesting things are happening," he says, "things that will influence society.

"In 1968, that was Intel. Today it is Atari. Atari is bringing computing into the day-to-day lives of everybody, bringing computing to children—that is where the future lies."

Observer

POLITICS TODAY

Third force in the Tory Party

By Malcolm Rutherford

DISCUSSION of the British Conservative Party nowadays tends to focus on two groups—very broadly speaking, the Thatcherites and the paternalists, sometimes inaccurately described as the dries and the wets respectively.

The Thatcherites tend to base their political philosophy on good housekeeping, on almost balancing the budget, as Mrs Thatcher herself has honestly admitted. They are strong on law and order, not overly sympathetic to other races and more than a little nationalistic, even if their own word for it is patriotism.

The paternalists, as exemplified by Mr Francis Pym or Mr William Whitelaw, have no great political philosophy as such beyond a vague reliance on "one Nation" and a belief that governments nught to do the best they can in adverse circumstances for as many of the people as possible. They incline to be more internationalist in outlook, generally more liberal and can be somewhat snobbish about the Thatcherites.

During the present administration it is plain that the paternalists have been losing: Mr Norman St. John-Stevas was sacked, Mr James Prior was sent to Northern Ireland and Lord Carrington resigned. And it is quite possible that there will be no new Pyms or Whitelaws to rise in their place. People with old wealth and relatively liberal views, and ready to go into politics, do not seem to exist any more. A generation is passing.

It does not base its philosophy on moral conviction

Yet there is a third group in the party which has received less attention. Its leading representatives are Sir Geoffrey Howe, the Chancellor of the Exchequer, and Mr Patrick Jenkin, the Secretary of State for Industry.

This group differs from the Thatcherites in that while it may have broadly similar views on economic policy, it is more pragmatic. It does not base its political philosophy on moral conviction. On social questions it tends to be more permissive.

It used to differ from the paternalists in that it was much less internationalist — more at home in the Bow Group in Birmingham than (say) the United Nations or the International Monetary Fund.

That is now changing. Sir Geoffrey has become more like his Labour predecessor at the Treasury, Mr Denis Healey, in that his speeches and conversation are peppered with references to developing countries and international economic problems. He has learned from the job, and the Chancellorship must be the best post, bar one, to learn about how government works. He has also become chairman of the Interim Committee of the IMF, a position which he takes with immense seriousness.

Mr Jenkin has developed too, having recently been in Japan seeking direct investment. He would be the natural replacement at the Treasury if Sir Geoffrey were to move to the Foreign Office following a Tory victory at a general election.

It can be argued that the Howe-Jenkin axis is among the most important in the Cabinet. For not only are they old friends from Cambridge, sharing a similar belief in a gradual, patient approach to change; they also control two of the major Departments. Industrial policy could almost be made between them. Thus Sir Geoffrey was happy to leave the recent discussion nf the steel industry almost entirely to Mr Jenkin in a way that he might not bave been if someone else had been at the post. "Don't ask me, ask Patrick," he would say.

But there is more to it than that. Along with Mr Cecil Parkinson, the Party Chairman, Sir Geoffrey is overlording the preparation of the next Tory Manifesto. Mr Parkinson will be more concerned with presentation and selling. Sir Geoffrey is the ideas man. Moreover, he is one of the few leading figures in the party to have been giving much detailed thought to the fnture.

In all the talk about the need to bring more outside advisers into government, it is sometimes overlooked that the present Chancellor already has three in his office whom he sees regularly along with other Treasury Ministers without the presence of officials. In his case the reform (if it is one) of introducing political advisers has already been achieved.

That is nne reason why the latest issue nf *The Journal of Economic Affairs** is so interesting. It includes an edited version of Sir Geoffrey's Cambridge lecture last summer, now called "Agenda for liberal Conservatism," followed by comments from various economists of all political persuasions and none, and a rejoinder from the Chancellor.

The title is striking in itself. No-one is quite sure how it came about. Sir Geoffrey says that it is a throwback to the old Bow Group days when he, Mr Jenkin and others set out to liberalise the party. But the Editor's preface contains the words: "British economic policy in the years ahead is likely to be conducted by two liberal coalitions," meaning the Tories and the Social Democrats. Sir Geoffrey's essay, it says, "demonstrates how far Conservative attitudes to economic policy bave moved from Butskellism or Macwilsonism."

What you get is an attempt to combine the free market ideas of the Institute for Economic Affairs with a permissive approach to social policy. That is liberal Conservatism or the third strand.

For a start, the Chancellor's rejoinder provides the biggest clue you are likely to find about the theme of the forthcoming Budget: "The most acceptable approach is to continue restraining nverall public spending and providing the best conditions for growth, while doing what we prudently can to raise tax thresholds."

Much of the rest is an analysis of the so-called "creep"—the way public spending has tended inexorably to rise, partly because of decisions made in the past.

Sir Geoffrey writes: "The rise in public spending as a share of our national income is in some measure long-run phenomenon, and not one unique to Britain. But it is the post-war growth of spending in the 1950s and 1960s with whose momentum we now principally contend."

The problem, of course, became more acute with the slowing down of economic growth in the 1970s. As this week's White Paper reminds us, even under the present Government, despite all efforts to curb public spending, it rose from 40.5 per cent of GDP in 1979-80 to 44.5 per cent in 1981-82.

There are also pressures which mean that the demands on public expenditure will go on increasing: for example, demographic change or what one writer calls "the greying of the population." There will be more old people to be looked after.

I do not think that anyone would seriously deny that Sir Geoffrey is talking about fundamental issues for the political future or that the problems will become even more acute if there is no resumption of economic growth.

Yet by exposing the problems, the Chancellor has raised a dilemma for the Tory Party. How far should it go in attempting to outline the answers in the election Manifesto?

Sir Geoffrey himself is tantalisingly vague. He is in favour nf more deregulation, more privatisation, more private health insurance. He flirts with the idea nf a voucher system for education and of student loans rather than student grants. It is also quite clear that he is again beginning to pin some hopes on a modest but sustainable economic recovery — though the principal fear here is that the American budget deficit will lead to another rise in interest rates.

Yet once the genie is at least half out of the bottle, how do you keep it there? The Government has already chosen to shelve a report of the Central Policy Review Staff which discussed many of the above issues because it was judged to be too controversial. "The Health Service is safe with us," Mrs Thatcher said, and indeed spending on the NHS has increased under this Government. But there is a credibility problem. Whom does one believe — the Conservatives who say reassuringly that nothing much will change, or those who warn that there will be terrible trouble ahead if change is not radical?

The Conservatives could also be immensely vulnerable in an election campaign. Do they promise to abolish the Health Service, dismantle the welfare state, introduce vouchers for education or not? None of those questions are entirely easy to duck. Yet a straight answer could turn out to be embarrassing, either way.

There is another point, raised by Professor Michael Beenstock, an economist at the City University, in one of the responses. "Liberal Conservatives," he writes, "have highly developed and constructive views on the alleviation of poverty. They also have highly developed views on economic growth and efficiency as well as the freedom of the individual. By focusing attention on the alleviation of poverty through liberal Conservatism, the chances of dispelling habitual modes of feeling would be considerably enhanced. By focusing instead on efficiency and liberty the natural concern is: efficiency for whom, liberty for whom? . . .

New subjects to the mainstream of political debate

They have to show how liberal Conservatism and compassion are complementary rather than contradictory."

One conld hardly improve on the comment, and the Chancellor acknowledges its force in his rejoinder

It is possible that Sir Geoffrey is being remarkably astute in believing that he can open up new subjects to the mainstream of political debate and that gradually the electorate will become educated to accept them. That would be typical of the man and his methodical approach to politics. But my own view is that having gone thus far, he ought to go further and spell out his ideas in more detail. The next Conservative Manifesto could be a document of quite extraordinary interest.

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Lombard

Protection from Chicago

By Nicholas Colchester

INFORMATION that is widely and rapidly available, ease of entry into markets with many participants and of great liquidity—one would hope and imagine that these were the ingredients needed to produce perfect and rational prices for any commodity or currency.

Yet the facts suggest otherwise. The major disappointment of the ten-year experiment with floating currencies is that exchange rates bave proved so volatile and bave so seldom seemed able to settle at reasonable levels. Commodity prices, too, have become more mobile and more illogical. My colleague John Edwards described on Wednesday how the point-and-figure men, wired up to computer models, hsve recently pushed copper prices up in the face of stocks in the London Metal Exchange warehouses that are at a four-year high—and still climbing.

These phenomena seem to reinforce my long-standing hunch that the perfection of modern markets is an important cause of their instability. Today's instant-information, instant-transaction markets behave like mechanical systems devoid of friction or of damping. In each market large weights (speculative capital) are linked by weak springs (the fundamentals of supply and demand) and the whole shuddering blancmange is subjected to the impact of unfolding events. Ideally such a market should glide smoothly between positions of perfect equilibrinm for each new situation: in practice it wobbles hopelessly beyond and around them.

The rapid rise of the commodity and financial futures markets is the latest development in this process of theoretical improvement and practical discomfort. Leverage, or gearing, is a key characteristic of these markets. The hedger or speculator has to put up less than ten per cent of the value of the commodity from whose price movements he is seeking protection or profit. This appealing feature attracts both kinds of participant to the market giving it added liquidity and depth. It is also thought to attract the outside investor who, because he is not party to the accepted wisdom of the trade, adds a diversity of view.

So gearing, via liquidity and diversity, should stabilise the market. Yet in practice these benefits are outweighed by the way that speculative capital is given still more influence over the market's prices relative to the underlying flows of supply and demand.

Take the gold market. Even without a futures market the price of gold is dominated by movements of capital rather than by physical supply and demand—it is that sort of commodity. Yet gold market experts say unequivocally that the rise of the futures market has increased the influence of speculative capital and increased the volatility in the price. The extent of the rise in the gold price from $300 (£197) an ounce in June to almost $500 in September is said to have been due to covering of short positions by Middle Eastern investors in the gold futures market.

Futures markets and spot markets remain closely tied because there is a continuous possibility of arbitrage between buying a commodity for delivery at a future date and buying it today and holding it till that date. So the capital attracted by the leverage of the futures market increases the volatility of the underlying spot market. This is, on the face of it, a disappointing result for those who imagined that futures trading would somehow "improve" a market by giving risks to those who want them and by taking risk away from those who do not.

The paradox is that futures markets have indeed made markets safer for the individual, but stormier and less predictable as a whole. By mobilising speculative capital they have made it easier for the user or producer of a commodity to hedge, but they have also made it more necessary for him to hedge. Futures trading is a contribution to the manic modern market that comes fittingly from Chicago: protection is readily available to the innocent for a small fee, and life will prove extra uncomfortable without it.

Letters to the Editor

Lack of Government support for Airbus A-320

From the General Secretary, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers.

Sir,—Despite the steep decline in civil aircraft sales, Airbus Industrie, the European consortium in which Britain has a 20 per cent stake, has proved an outstanding success. The French Government has been the linchpin of the partnership, supporting the existing Airbus models and the projected Airbus A-320 to the hilt, and encouraging the French national carrier, Air France, to order the new aircraft. The British Government on the other hand has done little to support the project.

Is it any wonder that the annoyance of General Mitterrand, Aerospatiale chairman, with the West German and British backers (January 28) is shared by most British Aerospace workers? Representatives from AUEW/TASS bave seen Norman Lamont twice, the last time on January 19, imploring the Government to support the A-320. Because British Aerospace cannot guarantee a percentage return within a finite period—and it would be impossible to do so in the present climate—the Government refuses to back the project.

Aircraft development is risky —a "sporty" business as some insiders call it. The Government is wrong to expect British Aerospace to take all the risks. The French have now overtaken Britain and are now the European leaders in aerospace. This is because the French Government has nurtured its industry by planning and investing in a courageous and imaginative way within the context of a national strategy. Japan does the same with most of its industries, and has now entered the aerospace race.

If the Government thinks a stake in an independent civil aerospace programme is worth keeping, it will bave to do a lot more than it is now. It could start by responding to the criticisms of Jacques Mitterrand and pleas of British Aerospace workers.

Ken Gill.
Onslow Hall, Little Green,
Richmond, Surrey.

The costs of going to an inquiry

From the Director, Town and Country Planning Association

Sir,—In your report (January 24) on the Sizewell B inquiry, your correspondent noted that the Town and Country Planning Association (TCPA) and other main objectors such as the Council for the Preservation of Rural England and Friends of the Earth bave made only brief appearances at the inquiry since it opened. It was suggested that this was because most objectors have decided not to spend the first two months of the inquiry listening to the witnesses of the Central Electricity Generating Board and other supporting bodies reading out their proofs of evidence.

Unfnrtunately, this explanation is only partly true. It fails to recognise the very real difficulties facing a charitable body such as the TCPA in taking part in an inquiry likely to run for 6 to 9 months, or possibly longer. The Secretary of State for Energy has refused to provide any financial assistance to objectors, although it is understood that the CEGB was willing to make funds available for this purpose. As a result the TCPA, which has only £3,500 to cover all its inquiry costs, is unable to employ counsel for even a limited period of time. Its case is being presented by its vice-chairman, who is a full-time local government officer, and can therefore only attend on an occasional basis.

Indeed, as things stand the TCPA will be unable to meet the travelling, accommodation and other expenses of its technical witnesses, several of whom live and work in the U.S. or in other European countries. It is difficult to see how, in these circumstances, the inquiry can be full, fair and thorough.

The situation has recently become still more difficult because, as you reported on January 20, the Secretary of State for Energy has declared that there is an overwhelming case for Britain to go ahead with a nuclear power station programme irrespective of the outcome of the Sizewell inquiry.

Since it seems that the Government has already made up its mind, many people are understandably coming to the conclusion that there is little point in providing technical or financial assistance to objectors.

Surely there must be a better way than this of determining a major issue with such far-reaching economic and safety implications!

David Hall,
17 Carlton House Terrace, SW1.

Takeover Panel's bid ruling

From Mr R. Instone

Sir,—As a trustee-shareholder in UDS Group I am unimpressed by the Bassishaw offer. But I am appalled by the Takeover Panel's ruling, reported by you on January 26, that the provision entitling Bassishaw to vote any assented shares is "inconsistent with Rule 8 of the City Code."

That rule provides, so far as material, that all conditions to which an offer is subject must be stated in the formal announcement of a firm intention to make an offer. Is it now the Panel's view that all the "additional terms and conditions" normally consigned to an appendix to an offer, or contained in the form of acceptance, must be included in the announcement?

And what is the Panel to be understood as meaning by a "condition to which an offer is subject"? The offending provision is a paragraph in the form of acceptance operating as the appointment of a Bassishaw nominee as proxy at certain UDS meetings which might be held before the offer becomes unconditional.

Such a provision may be in principle undesirable (there are obviously arguments both ways), but it cannot properly be described as a condition to which the offer is subject. If it is a condition at all, it is one to which an acceptance is subject. Since self-regulation appears to mean the use of the rule in Humpty-Dumpty's case ("When I use a word it means just what I choose it to mean—neither more nor less"), is there not something to be said for the rule of law? Palm-tree justice may be good enough for primitive societies; but the City deserves something better.

Ralph Instone.
7 New Square,
Lincolns Inn, WC2.

Why ratepayers are upset

From Mr K. Holland

Sir,—I would like to take issue with Mr Easteal of Harlow Council (January 21). I am currently enquiring into the published annual accounts of Strathclyde Region and Argyll and Bute District. I am bound to say that my impressions so far—in addition to studying the annual accounts I have made inspection visits to the head, and some sub-offices of both councils—are that, far from removing entirely the control by central government, what is urgently required is a much more positive and direct control: more positive in fact than the present control over rate support grants.

Staffing strengths, salary and additions thereto (such as non-contributory life assurance, favourable travel and subsistence) scales of costs of accommodation and office facilities, all paint a picture of extravagant spending virtually uncontrolled by elected councillors. In spite, it seems, of the efforts of the more enlightened councillors and paid executives the rates burden increases yearly by far more than the going rate of inflation. Percentage increases in expenditure in almost all departments over the years examined are nowhere near to being within the very sensible guidelines set by central government. These vast and sprawling authorities have virtual autonomy in these vital and expensive areas and their ideas of what constitutes economic planning appear to stem from the pre-oil-rise days of 1974 when the two-tier system was set up.

I have obtained details of staffing and salary structure in both the private sector and in the two main state revenue departments, Customs and Excise and the Inland Revenue. The picture emerging shows that local authority executives have more generous salary, perquisite scales, coupled with security of tenure and pension (index-linked), than is the norm either in private or in central government employment.

I suggest that demands for the complete removal of central controls are really prompted by fears that the "gravy train" may be slowed down permanently if the very cogent proposals for continued and extended controls are imposed.

It goes without saying that no reasonable ratepayer cavils at due provision for the aged, the deprived young, the handicapped, the sick, the poverty-stricken. Nor does he/she cavil at proper provision of police and fire services, or of suitable education services. What does upset ratepayers is the obvious heavy spending on excessive numbers of local authority staff, of unduly generous salary etc scales, on excessive numbers of transport vehicles of all types—the visible evidence of the over-spending is all around us.

K. H. Holland.
Sea Whins,
Fort Argyll Road,
Trench Point,
Campbeltown,
Argyll.

FINANCIAL TIMES

Friday February 4 1983

Richard Lambert explains why the smart money on Wall Street is betting on Pan Am's recovery

Pan Am defies financial gravity

PAN AMERICAN World Airways bas reached the bottom of the barrel in financial terms, but has scraped together enough cash to enable it to fly through the recession.

That, at least, is the picture given in a recently published preliminary prospectus relating to an ollering by Pan Am of convertible secured trust notes.

The numbers look terrible. After taking into account final-quarter provisions of $43m against severance costs and $35m against aircraft sales, the company yesterday reported a net loss for the year of $485m, following a fourth-quarter loss of $272.9m.

Last November, Pan Am's total long-term liabilities stood at nearly $1.3bn, compared with shareholders' funds of $432m.

The airline has had no bank credit facilities for more than a year, and meets its casb needs by managing its working capital accounts.

At the end of the third quarter working capital was in the red by $138m. The figure would have been more but for a new treatment of accrued pension expenses.

As a result Pan Am is scrambling to sell some assets – aircraft, spare engines, real estate, excess gates at Houston Airport, and anything else it can lay its hands on.

Its cash problems, however, have been significantly eased by two receot eveots. First was the deferral over eight years of about $120m of lease and debt service obligations. Then came a plan, whicb is still being negotiated, to sell the airline's leasehold interest in its passenger terminal facility at New York's Kennedy Airport. Combined with the proceeds of the planned note ollering, all this should provide about $265m of additional working capital.

Pan Am believes this would give it enough leeway to incur an operating loss in 1983 of at least $175m – equal to a pre-tax loss of more than $300m – and still be in a position to meet its minimum cash needs.

The airline "does not now anticipate an operating loss in 1983 approaching $175m," according to the prospectus. "But it admits that its business is volatile. A change of one percentage point in its scheduled passenger seat factor would make a difference of $43m to its operating results. A shift of just one tenth of a percentage point in the yield per revenue passenger mile translates into around $25m on – or off – the operating results. And a 10 per cent change in the dollar – yen exchange rate adds up to about $14m in the same terms.

So Pan Am is looking for more financial room in which to manoeuvre. As a result of workforce cuts and improvements in work rules which were negotiated at the end of last year, it hopes to reduce its spending this year by about $110m.

It is also seeking approval to defer about $75m in pension plan contributions which are due in 1983.

Pan Am's management was planning a very different future a year ago. Helped by concessions from its workforce, it planned to expand its way out of trouble by increasing the number of its flights without adding much to its labour costs. But the extra traffic failed to materialise, and Pan Am has been contracting its flight schedules since the autumn.

Part of the trouble was the recession, which was much deeper than almost anyone had feared. But Pan Am had problems of its own. It made the mistake of annoying the travel agents – who are the key to an airline's prosperity – by cutting their traditional bonus arrangements.

This move has recently been reversed, but there has also been what the prospectus politely describes as "a perceived lack of confidence on the part of certain travel agents in Pan Am's financial viability, particularly in the light of the collapse in 1982 of Braniff and Laker Airways."

As a result of recent cuts the airline is planning to offer about 3 per cent fewer passenger seat miles this year than in 1982. It is also planning big cuts on its cargo side, which it says could reduce freight revenues by 35 per cent in 1983.

The hope is that in its slimmed-down form Pan Am will be carried up and away by the economic recovery which at last seems to be appearing over the horizon.

A great deal depends on the confidence of the public in the airline's financial viability. Perhaps the most encouraging recent development is the way that Wall Street is reacting to this prospectus. Since Monday night, the badly battered share price has jumped nearly 50 per cent in very heavy trading, which suggests the smart money is betting that Pan Am is going to pull through.

THE LEX COLUMN

Thyssen forges U.S. losses

A string of West German companies has come to grief in the U.S. but few with such spectacular effect as Thyssen. Budd, the steel and plastic products group, has been a consistent drain on Thyssen's resources since it was bought in 1978. In the year to September, Budd contributed a loss of about DM 350m, countering the recovery of Thyssen's steel and capital goods divisions and leaving the group as a whole with a roughly maintained net loss of DM 66m.

By the international standards of the steel industry, that may look like a drop in the ocean. Thyssen, after all, was sporting total capital employed of some DM 18bn in its last balance sheet. But the noises emanating from the Ruhr this week were distinctly gloomy and even a partial recovery at Budd, resulting from management changes, rationalisation and a more favourable currency parity, may not prevent group losses from slipping into three figures in the current year.

The surgery at Budd could prove costly in cash terms and Thyssen is unlikely to escape financially unscathed from the proposed merger ol its basic steel interests with those of Krupp, even allowing for a large measure of help from the Federal Government. Capital spending, meanwhile, is still running at about DM 1bn per year.

Despite the gloomy cash flow position and an already stretched balance sheet, Thyssen is paying a maintained dividend of DM 2 per share. It may be trying to keep alive the prospect of a rights issue, although last night's price of DM 68.60 is a long way adrift of the DM 90 level at which the group is understood to be aiming

CSI

The Council for the Securities Industry is by no means the best-loved body in the City, and its undistinguished handling of several issues, ranging from dawn raids to Professor Jim Gower's interim report, has left several City interest groups, led by the issuing houses, pressing for changes.

Institutional dissatisfaction has been reflected in what amounts to a partial takeover of the CSI by its more market-sensitive brother, the Takeover Panel. Mr John Hignett, the present director general of the panel, is to take over a newly-created position at the CSI, putting him in executive command of bolh organisations.

The appointment of a chief executive to the CSI, a long-standing recommendation of the Wilson Committee, is likely to presage more sweeping changes in the relationship between the two bodies. A full merger looks the most sensible outcome although it will undoubtedly take a while to work out satisfactory terms.

Markets

London equities were breaking records in all directions yesterday, as the FT All-share Index rose through 400 for the first time, and the Industrial Ordinary Index romped away from its previous high of 637.4 to reach 646.8. The market has been running since the beginning of the year on heavy turnover averaging more than £200m a day, but this week it has been running at closer to £300m.

Equities have presumably been soaking up much of the dividend income generated by the gilt-edged market at this time of year. The Government Broker has been sitting on the sidelines and institutions have been reluctant to commit new funds to fixed-interest at a time when confusion seems to reign in the U.S. debt markets. And the flight into overseas securities, which characterised the early weeks of this year, may now have slowed.

Anderson Strathclyde

Anderson Strathclyde seems almost certain to have 51 per cent of National Mining Supplies of the U.S. in its hands by this morning. But this spoiling move in its defence against the Charter Consolidated bid lost most of its impact against the body blow delivered by the UK courts. The judges' decision to support the Trade Minister's ruling allowing the bid to go ahead was immediately reflected in a 13p rise in the Anderson share price as the market saw the prospect of the gloves coming off again.

Even so, Anderson shows no sign of throwing in the towel. There is a strong possibility that it will now appeal, a move that could well drag proceedings into next month. By that time, the group would be coming to a year-end which gives every indication of producing record results. The City is expecting pre-tax profits in the region of £13m, which would imply a significant increase over Charter's sighting shot of 135p. Even at an offer price of 200p, Anderson would be on an exit multiple of only a little more than 15 – not unduly high for a company that has produced steadily rising profits for the last five years, while moving to a net cash position.

Thorn may make TVs in Britain for JVC

By Guy de Jonquieres in London

THORN EMI, the UK electrical group, is close to an agreement to make colour televisions to be distributed in Britain by Victor Company of Japan (JVC), one of the leading Japanese consumer electronics manufacturers.

JVC is the only large Japanese consumer electronics company not to have a UK production facility. Other Japanese companies with plants in Britain are Sony, Matsushita, Mitsubishi, Sanyo, Toshiba and Hitachi, which has a joint venture with the General Electric Company (GEC).

Thorn EMI is due to start supplying JVC this summer with five models, with screen sizes ranging from 20in to 26in. The sets will be based on the TX chassis developed by Thorn EMI.

The size of initial deliveries has not been disclosed but is expected to amount to about 45,000 sets annually. JVC, which will sell the sets through its distribution channels, said that it hoped to gain 6 to 11 per cent of Britain's colour television market, which totalled 2.8m sets last year.

JVC plans to continue importing from Japan colour televisions and monitors with screen sizes up to 20in. Its annual imports total about 10,000 sets, the maximum allowed by the voluntary restraint agreement between the British and Japanese industries.

Thorn EMI imports video tape recorders (VTRs) made by JVC and last autumn began assembling the machines in Britain from kits.

UK unemployment increases by 128,000 during January

BY MAX WILKINSON AND JEREMY STONE IN LONDON

UNEMPLOYMENT in the UK jumped sharply in January to 3.225m, including school leavers, and the underlying rate of increase showed oo sign of moderating.

The latest figures issued by the Department of Employment yesterday, showing an overall increase of 128,000, were described as "a great disappointment" by the Prime Minister in the Commons, and Mr Michael Foot, the Labour leader, said they were "hideous and terrible."

After adjusting for the usual seasonal increase in January and excluding school leavers, the total out of work went up by 35,000 to 2.98m representing 12.3 per cent of the workforce, a new post-war record.

This was the thirty-seventh successive month in which the underlying level of unemployment has increased. The last fall was in October 1979.

Yesterday's figures were matched by equally grim statistics from West Germany, Norway and Belgium. In Germany, the January unemployment total rose more sharply than expected to 2.5m or 10.2 per cent of the workforce, compared with 9.1 per cent in December.

The underlying figure for UK unemployment has been rising at an average monthly rate of about 30,000 a month for the past nine months. However, in the last two months there seems to have been a marked increase, dispelling hopes fostered at the end of 1982, that the trend might be flattening out.

Mrs Thatcher: figures 'great disappointment'

Most independent forecasters are projecting continued rises in UK unemployment until the end of this year, and possibly for several more years. A rather weak recovery in output, generally expected to rise by only 2 or 3 per cent a year, would not be enough to compensate for the growing population and improvements in productivity. Even the Treasury has tacitly accepted this with its "conventional assumption" in the recent spending White Paper that unemployment will rise by 280,000 in the next financial year.

The Confederation of Business Institute's most recent Industrial Trends Survey suggested that another 90,000 jobs could be lost from manufacturing in the next three or four months.

Prime Minister Mrs Thatcher repeated her view in the Commons that the only way to boost jobs was to pursue sound financial policies, to keep interest rates down, and to provide incentives for industry. She said "rhetoric, rows or strikes" would be no help.

Mr Eric Varley, Labour's employment spokesman, attacked the Government for planning further rises in unemployment, a claim that was later described by Mr Norman Tebbit as "quite ridiculous."

The only glimmer of hope gained from yesterday's figures was that the trend of vacancies reported to Jobcentres continued to rise slightly, with an average monthly increase for the last three months of 2,700 and an underlying level of 118,000.

TUC expansion package, Page 7

Barclays sees $36m first-half U.S. loss

By Alan Friedman in London

BARCLAYS BANK, Britain's largest in terms of assets, is expected to see its U.S. operations register a continuing loss for the second half of 1982 after a £23.5m ($36m) pre-interest trading loss in the U.S. for the six months to June 30.

The losses in the first half of last year, which represented £48m downturn into the red from the previous six months, were related to provisions for three large U.S. clients, understood to have been in the energy sector.

Barclays' U.S. bank operation is understood to have suffered continuing energy loan problems during the secound half of 1982, although it is unlikely that the second-half loss will be as high as £23.5m.

The problems of the bank in the U.S., where it has assets of more than $10bn and operations in 35 states, are expected to show up in the accounts for Barclays Bank International (BBI), the group's overseas arm.

Although the U.S. losses will not be revealed until next month, when the group publishes its results, it is understood that senior Barclays executives in the U.S. are reviewing the bank's operations there in an effort to reduce staff costs. They are considering putting brakes on the bank's growth there.

Mr Brian Pearse, the senior Barclays executive in the U.S., spoke yesterday of "looking much more clinically at the whole profitability of our operation." He also raised the possibility of "amalgamating" some of Barclays' U.S. Operations, such as securities trading and foreign exchange.

Mr Pearse maintained, however, that Barclays' losses in North America had "bottomed out" and said the U.S. business could be returned to the black.

Barclays Bank as a whole showed a pre-tax profit of $236.5m for the first half of last year, down 16 per cent against the same period a year before. The group's last full year pre-tax profit (for 1981) was £567m (against £524m a year before).

German-U.S. joint venture in electronics

By Paul Betts in New York

UNITED Technologies, the large U.S. conglomerate, AEG-Telefunken, the West German electrical company, and the Diehl group, the German industrial and commerical products maker, agreed yesterday to concentrate their activities in the development, production and marketing of custom MOS circuits in a newly-formed joint venture company called Eurosil Electronic GmbH.

The partners in Eurosil Electronic are Telefunken Electronic – a joint venture between AEG and United Technologies – United Technologies and Diehl. Under the agreement in principle Eurosil Electronic is to take over the present activities and assets of Diehl's Eurosil GmbH. Diehl will acquire a minority interest in Eurosil Electronic.

Diehl's Eurosil, which was established in 1972, supplies integrated circuits for the watch, clock, instrument and telecommunications industry.

Vogel call for EEC reforms

By Giles Merritt in Brussels

IN HIS FIRST major statement on EEC policy issues, Dr Hans-Jochen Vogel, the West German SPD leader, who is contesting the Federal Chancellorship in the country's March 6 elections, yesterday called for major reforms to the Common Agricultural Policy and for a fresh approach to unemployment measures.

He also introduced a strong whiff of Germany's electoral battle to Brussels when be used the bustings of the European Parliament offices to launch a demand that, whatever the cutbacks in EEC steelmaking prove to be, the West German steel industry should be guaranteed a full one-third share of all EEC steel output. He warned that if his social democrat party comes to office, he would insist on that as a minimum.

On the future of the CAP, Dr Vogel urged that limits should be placed on the present price guarantee system, and that instead direct income support for EEC small farmers should be introduced.

Dr Vogel's position on the employment crisis is that EEC member states should agree a concerted strategy of job creation and worksharing measures. He emphasised that EEC action to combat rising unemployment should provide the nucleus for an industrialised nations' pact on jobs

German unemployed at post-war record

Continued from Page 1

force and 60 per cent higher than a year ago, writes Fay Gjester in Oslo.

Initially, the rise was mainly the result of lay-offs and short-time working in export industries vulnerable to the world recession, such as metals and shipbuilding.

The effect of the recession is now spreading to all sectors of the Norwegian economy. Business is generally nervous about the future, anxious to keep down costs and unwilling to start new projects.

Mr Arne Rettedal, Minister of Labour, last week announced an eight-point plan to create 40,000 jobs, mainly by giving local authorities emergency funds to spend on public works.

Meanwhile, labour exchanges in some of the worst-bit districts are having to close two days a week to give staff a chance to process the flood of claims for unemployment benefits.

● Belgian unemployment at the end of January reached a record 11.9 per cent, up from 11.6 per cent in December, AP-DJ reports from Brussels. The number of jobless soared to 497,000 from 384,000. Comparable figures for January 1982 were 439,000 unemployed, or 10 per cent of the workforce.

It was the sixth consecutive bi-monthly jobless record, and officials said they feared the trend would continue for the rest of the year, and possible or several years.

Oil price cuts backdated

Continued from Page 1

present crisis. He said Opec ministers would have to agree on a package of measures, including prices, differentials and production quotas.

Venezuela has invited Opec ministers to Caracas next week for the inauguration of a refinery extension, and the secretary general said he would be pleased if this meeting was turned into an extraordinary conference. It remains doubtful that enough ministers will be in Caracas for such a meeting

Walter Ellis in Amsterdam adds: Concern is being expressed among traders on the Rotterdam oil spot market about the possible effects of the Kuwaiti takeover of Gulf Oil's assets in the Netherlands, Belgium and Luxembourg.

Some fear that Kuwait may be followed on to the European scene by other Arab producer nations, thus creating the potential for a disruption of the existing market.

Fraser calls snap election in Australia

Continued from Page 1

difficulties," said Mr Fraser, adding that he wanted the pause extended from six to 12 months.

The Government's term of office could have run until the end of the year, but Mr Fraser moved swiftly to capitalise on renewed arguing over the ALP leadership.

Mr Hayden has been eclipsed by Mr Fraser in recent skirmishing, and yesterday Mr Hawke moved to seize power. He said it was "not a hatchet job."

Mr Hawke said voters would be "facing an election which had been foisted on them by the most divisive Prime Minister in the history of this country."

Union opposition to the wages pause was spearheaded by the oil unions, though the ACTU claimed the Government had pressed companies into inflating the dispute into an election issue. As Australia's second longest serving Prime Minister after Sir Robert Menzies, Mr Fraser will stand on his record.

In contrast, the ALP is in disarray. Its prices and incomes agreement with the ACTU is not due to be finalised for about two weeks, it recently revamped its front bench, and it is bound to suffer a backlash from the anti-wage pause campaign.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	S	11	52	Malaga	S	15	59	Salzburg	C	2	36
Akrotiri	S	16	61	Faro	S	16	61	Malta	S	14	57	Seoul	S	5	41
Algiers	S	15	59	Florence	F	9	48	Manila	S	33	91	Singapore	S	32	90
Amsterdam	F	4	39	Frankfurt	C	5	41	Miami	C	25	77	Stockholm	F	-7	19
Athens	C	12	54	Funchal	F	18	64	Milan	S	9	48	Strasbourg	C	6	43
Bahrain	S	18	64	Geneva	C	1	34	Moscow	C	0	32	Sydney	C	28	82
Bangkok	S	32	90	Gibraltar	C	15	59	Munich	Sn	1	34	Taipei	C	14	57
Barcelona	S	11	52	Guernsey	F	8	46	Nairobi	—	—	—	Tangier	S	17	63
Beirut	F	16	61	Helsinki	S	-10	14	Naples	F	9	48	Tehran	—	—	—
Belgrade	F	4	39	H. Kong	S	16	61	New Delhi	S	18	64	Tel Aviv	F	18	64
Berlin	C	0	32	Innsbruck	C	0	32	New York	C	12	54	Tenerife	S	19	66
Biarritz	F	12	54	Inverness	F	1	34	Nice	S	12	54	Tokyo	C	11	52
Blackpool	S	3	37	Istanbul	R	6	43	Oporto	R	13	55	Toronto	R	0	32
Bordeaux	F	10	50	Jersey	S	9	48	Oslo	S	0	32	Tunis	F	15	59
Brussels	C	4	39	Jo'burg	S	28	82	Paris	C	6	43	Valencia	F	14	57
Budapest	F	5	41	Las Palmas	S	18	64	Prague	C	1	34	Venice	F	7	45
B. Aires	S	27	81	Lima	S	29	84	Reykjavik	F	-5	23	Vienna	C	5	41
Cairo	R	15	59	Lisbon	S	12	54	Rio de J'o	C	28	82	Warsaw	C	2	36
Cape Town	—	—	—	Locarno	S	6	43	Rome	S	12	54	Zurich	Sn	1	34
Caracas	C	28	82	London	C	6	43								
Casablanca	C	13	55	Los Angeles	R	16	61								
Copenhagen	S	2	36	Luxembourg	C	2	36								
Corfu	S	11	52	Madrid	F	6	43								
Dublin	S	4	39	Majorca	C	12	54								

Readings at mid day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Snow Report

EUROPE

Andermatt (Sw)	80–270 cm	Snowing. New snow, hard base
Arosa (Sw)	120–180 cm	Good powder below treeline
Avoriaz (Fr)	95–210 cm	Excellent skiing conditions.
Cervinia (It)	70–200 cm	Upper good piste skiing.
Crans (Sw)	50–100 cm	New snow on good base.
Davos (Sw)	120–200 cm	Good skiing on upper pistes.
Ischgl (Aus)	90–200 cm	New snow on good base.
Seefeld (Aus)	60– 80 cm	New snow on good base.
Selva (It)	30– 70 cm	Worn patches.
Wengen (Sw)	50–150 cm	New snowfall on firm base.

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col.)	17– 32 ins	Now new snow. Powder.
Hunter (N.Y.)	14– 64 ins	Wet packed surface.
Park City (Ut.)	0– 84 ins	All lifts open.
Sugarbush (Vt.)	8– 22 ins	Wet granular.

Figures indicate depths at top and bottom stations.

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FINANCIAL TIMES

Friday February 4 1983

Dow Chemical profits slip 30% to $399m for last year

BY PAUL BETTS IN NEW YORK

DOW CHEMICAL, the second largest U.S. chemicals company after Du Pont, reported yesterday a $33m operating loss in its latest quarter and a 30 per cent decline in net earnings last year to $399m ($2.07 a share) compared with a profit of $564m ($3) in 1981.

In the latest quarter, Dow made a $102m provision against pre-tax earnings to cover the company's withdrawal from joint petrochemical ventures in Saudi Arabia and Yugoslavia, and other closures.

Mr. Paul Oreffice, Dow's president, said "considering the current oversupply of basic chemicals in the international market, additional capacity is unwarranted."

He said that in the fourth quarter, weak consumer demand and tight inventory control restricted Dow's operating rate to 63 per cent of capacity.

He reaffirmed Dow's current strategy, involving an increasing shift towards downstream speciality products and services from continued expansion with major petrochemical ventures.

In the fourth quarter of last year, Dow had net earnings of $13m (7c) on sales of $2.6bn, compared with earnings of $87m (35c) on sales of $3bn in the final period of 1981. Sales for 1982 as a whole declined to $10.6bn, against $11.9bn in 1981.

The operating loss nf $33m in the final quarter compared with operating earnings of $79m in the last period of 1981. Dow's operating income last year amounted to $356m, against $916m the year before.

In the final quarter, Dow had a pre-tax loss of $56m, compared with pre-tax profits of $67m in the fourth quarter of 1981. After favourable tax adjustments of $69m, the company reported a modest $13m net profit for the final quarter of 1982.

Dow also realised in the final quarter pre-tax gains totalling $66m from the sale of Bio-Science Enterprises ($44m) Dow's Korean properties ($7m) and Apache Petroleum Company depositary units ($15m).

Dow said significant fourth-quarter contributinns to operating earnings were realised from the company's Styrofoa brand foam insulation, despite the slump in housing construction, and from the Dowell-Schlumberger Petrnleum Service partnership betweeo the chemical company and the large oil service concern.

Mr Oreffice said if the U.S. dollar's weakening trend does hold, this could help the chemical industry this year.

● Texas Air Corporation, the airline holding company, incurred n marginally higher loss for 1982.

The group said its 1982 net loss of $49m, or $7.27 a share, on revenues of $1.51bo, largely reflected restructuring at its airline subsidiaries. In 1981, it lost $47.2m, or $6.11 n share, after a consolidatioo of Continental Air Lines results on revenues of $719.4m.

The fourth quarter loss was $17.4m, or $1.84, against $25.7m, or $1.84, against $25.7m, or $4.43, on revenues of $333.3m.

Spain to waive deposit rules to facilitate rescue of Banco Urquijo

BY DAVID WHITE IN MADRID

THE SPANISH Government has agreed to waive compulsory deposits rules to facilitate the rescue of Banco Urquijo, the latest and biggest victim of the country's five-year-old banking crisis.

In a move described as "preventive medicine" for the industrial and merchant banking group – internationally one of the most respected names in Spanish finance – Banco Hispano-Americano is to put Pta 22.5bn ($172m) into Banco Urquijo, after taking a majority shareholding.

Of this, Pta 10bn will come in the form of subscription to a capital increase, more than doubling Urquijo's present Pta 9.74bn equity.

Banco Hispano-Americano which ranks number three among the country's private commercial banks and which has long-standing ties with Urquijo, is also to buy fixed assets for Pta 12.5bn.

The takeover plan, involving an exchange of two Hispano shares for three Urquijo shares, valued at 75 per cent of their nominal Pta 1,000, has received the go-ahead from Sr Miguel Boyer, the Economy and Finance minister.

Banco Urquijo's reserves, amounting to some Pta 16.7bn, are to be used to wipe out losses, and the bank is to suspend dividends for the next five years.

During this period, under the pact reached between Banco Hispano-Americano and Bank of Spain, it will be liberated from rules which oblige it to place 6.75 per cent of deposits in a non-interest bearing account at the central bank and 18 per cent in low-income public sector investment instruments.

Banco Hispano-Americano will be granted exemption from part of its obligation to place funds in public sector bonds.

Banco Hispano-Americano holds more than 12 per cent of Banco Urquijo's shares and the two institutions share 10 board members, including Urquijo's current chairman, Sr Jaime Carvajal.

The share exchange offer is expected to be opened on Monday. Trading in Banco Urquijo's shares has been suspended since Tuesday.

Under the takeover plan, Banco Urquijo will be merged later this year with Bankunion, another industrial bank which Banco Hispano-Americano took over 10 months ago.

BONN MAINTAINS WATCH ON THOMSON-BRANDT MOTIVES

Grundig bid exposes labyrinth of interests

BY STEWART FLEMING IN FRANKFURT

TOP EXECUTIVES of four nf western Europe's largest electrical concerns met earlier this week to discuss the future of the family-owned Grundig company. They met at the invitation of Dr Anton Jaumann, Econnmics Minister nf the West German state of Bavaria.

Europe's consumer electronics industry has been in turmoil after the November 19 announcement thnt Thomson-Brandt, one of the participants nt this week's meeting, had reached ngreement with Dr Max Grundig, 74, Grundig's owner and founder, to buy 75.5 per cent nf the West German company's shares.

Dr Jaumann's initintive shows that the politicians are also worried over whether the nationalised French concern should be permitted to resbape the structure of the consumer electronics market through such a coup.

West Germany's two largest electronics companies, Siemens and Robert Bosch, along with Philips, the Dutch electrical giant, are anxious to jnin the talks about Grundig. This indicates how closely Thomson's plans touch their vital interests.

These interests are highly complex. Siemens and Philips are both competitors (directly or indirectly) of Grundig and also major suppliers of vital components such as integrated circuits and television tubes.

Philips occupies an even more sensitive position, since Grundig is its partner in the fast-growing consumer electronics market, the video tape recorder sector.

The two companies jointly developed the only non-Japanese video recorder system, the Video 2000.

Philip's chances of pushing through a new 8mm world standard for video recorders, to replace the three current standards – n move which would give it a fresh start in competition with the dominant Japanese manufacturers – are likely to be heavily influenced by who ends up as Grundig's owner. Philips secured its relationship with Grundig by buying 24.5 per cent of its shares. It therefore bas a shareholder's voice in determining the company's future.

Bosch, which is thought to command some 10 per cent of the West German colour television market through its Blaupunkt subsidiary (in which Siemens bas n blocking minority stake of 25 per cent) is no less coocerned at the prospect that Thomson-Brandt could end up with close to 40 per cent of West Germany's colnur television market if it takes cootrol of Grundig.

The labyrinth of corporate interests bound up in Grundig's future does nnt end bere. West Germany's powerful banks are also deeply involved, not just as lenders to Grundig, but also as lenders to AEG-Telefunken, n company which bas already cost them more than DM 2bn of loan losses as a result of its financial collapse last year and its need to seek protection from creditors.

Gruodig was to have rescued, in partnership with the banks, AEG's Telefunken consumer electronics division, which also bas 10 per cent of the West German colour TV market. But recently Grundig has been playing for more time to think about the Telefunken acquisitions – a pose which some in the industry see as being designed to put the maximum pressure on the West German Government and the Federal Cartel Office, not to block the Thomson-Brandt hid.

Fnr the corpornte vultures circling around Grundig, there is mnre at stake than just the company's juicy 25 per cent stake of the West German colour television market and its strong position in video recorders. "It is not just the fact that we are n supplier of more than DM 100m of electronic components to Grundig which explains our interest in the company's future," said a senior executive of Siemens, Grundig's powerful Bavarian neighbour.

"The consumer electronics sector has been one nf the driving fnrces in the rapid evolution of micro-electronics technology. Companies such as Grundig have put pressure on us as components suppliers to keep nbreast of the latest develnpments in semi-conductor technology, and that has been good for us."

Siemens would have more at stake than its present electronic components business if a French takeover were to lead Grundig slowly to switch its source of sophisticated hardware. The fact that products developed in the consumer sector may later also become key elements in Siemens' industrial products is a vital consideration, nnt only for Siemens and Phitips but also for the West German Government.

Officials in Bonn are vitally interested in the outcome nf Dr Grundig's decision to sell his company. In part, this interest reflects suspicion on some quarters of French motives and the gulf between France's socialist industrial policy and West Germany's broad commitment to free market economics.

It is bard for the Germans to accept that n French Government which bas the avowed intention of bringing the economy under the control of a handful nf nationalised French companies, including Thomson-Brandt, can at the same time adopt a benign pan-European posture outside its borders.

West German trade unions fear that when it came to "rationalising" the merged companies' consumer businesses, German workers would feel the pinch first. There are fears in Government circles that West German technolngical interests may play a subordionte role to those nf France if Grundig comes under Thomson-Brandt's control.

But the anxiety goes beyond this into the question of the correct response, in trade policy terms, to the Jnpanese threat in European markets. Here, too, the French position on protectionism conflicts with the West German positinn. One official in Bonn argues that the mnment n natinn selects one compnny as its banner carrier, as France has done in several industries, it is drifting into a protectionist frame of mind.

Dr Karlheinz Kaske, Siemen's chief executive argued earlier this week that European co-operation in consumer electronics to meet the Japanese challenge might avoid a further slide into protectionism.

A meeting of the sort which took place earlier this week between the cream of Europe's electronics industry would have sent U.S. anti-trust lawyers scurrying to the court's alleging conspiracy. The West German Cartel Office is known to be uneasy about the prospects of Thnmson-Brandt ending up with a dominant share of the Federal Republic's colour televisinn market. But is an ownership structure for Grundig bringing together Philips, Bosch, Siemens and Thomson-Brandt – the "European" or "German" solution now under discussion – any more attrnctive on competitinn policy grounds?

Prudential to invest $45m in satellites

By Paul Taylor in New York

PRUDENTIAL Insurance Company of America has agreed to invest up to $45m in a satellite communications company which plans to launch the world's first direct satellite-to-home pay television service later this year.

The equity investment will make the insurance group the largest shareholder in United Satellite Comunications Inc (USCI), which has formally called United Satellite Television, and whose other major investors include General Instrument and Francesco Galesi, Chairman of the privately-held Galesi property group.

Seperately, USCI ordered $600m of equipment from General Instrument, the electronics group. The order covers home-dish antennas, amplifiers and other electronic parts manufactured in the U.S., Canada and the Far East.

USCI, which will have n board representing shareholder groups and capital of $54m, plans to broadcast up to five channels of films, sports, news and pay-per-view programming via satellites to roof-top antennas.

West German trade union bank uses profits for improvement

BY OUR FRANKFURT STAFF

BANK für Gemeinwirtschaft, the trada union-owned institution which is West Germany's ninth largest commercial bank, has reported a dramatic improvement in its operating earnings in 1982.

But it will not be paying its trade union owners a dividend. Instead, it will put some DM 600m ($240m) into loan loss reserves and write downs, and into strengthening its inner resources.

In a preliminary announcement, BfG said that interest earnings of the West German parent bank more than doubled to DM 850m.

Operating earnings, including securities and foreign excahnge profits and after deducting the costs of running the bank, were DM 450m.

In 1981, according to Herr Thomas Wegscheider, the chief executive, the bank suffered an operating loss of DM 130m.

In that year BfG admitted that it had misjudged interest rate trends and was forced to draw on hidden reserves to avoid having to disclose an operating loss. This year the bank is not having to mobilise hidden reserves, Herr Wegscheider said.

In commoo with other West German banks, BfG has profited in both its lending and its securities business from falling interest rates. It also quickly disposed of its mismatched lending portfolio last year, taking a loss on sale of the loans, but allowing it to re-invest its funds at higher interest rates.

Continental Illinois trebles earnings

By Alan Friedman in London

CONTINENTAL ILLINOIS Limited, the London merchant banking arm of the Continental group, yesterdny reported more than trebled after-tax profits for 1982, up from £1.3m in 1981 to £4.1m ($6.2m).

Mr Al Page, chief executive of the Londoo bank, said the major factors in the higher earnings were a healthy 1982 Eurobond trading business (which accounted for more than £1m of profits) and earnings from private interest rate swap transactions (totalling £650,000).

The latter are transactions in which the bank acted as an intermediary between twn parties who swapped fixed-rnte debt for floating rate liabilities.

The London bank subsidiary's balance sheet has gone from £232.9m in 1981 to £186.8m as at December 31. Mr Page said this was because the bank bad reduced its loan book sharply, passing a significant part nf its loan assets on to its parent. Loans and advances fell from £135.2m to £51.4m.

In another development, Mr Page said the London bank had reorganised its staff to form a new Capital Markets Group which will perform merchant banking, corporate finance, mergers and acquisition, and project finance business.

Budd's losses hit parent results

By James Buchan in Bonn

THYSSEN enjoyed a significantly better year in the 12 months to last September, compared with 1980–81, but was seriously hampered by its chief U.S. subsidiary, the Budd Company automotive industry supplier, which it acquired in 1978.

Dr Dieter Spethmann, Thyssen chief executive, said that in addition to the DM 63m ($25m) loss reported for Budd in 1981–82, the parent company had to provide financial aid of about $100m and pay interest charges of a further DM 50m through Thyssen Holding Corporation, in the U.S. The group offered $244.8m for Budd in January, 1978.

Budd, which reported losses of DM 9m in 1980–81, suffered because of the serious weakness of the U.S. car and truck market last year.

In its second major area of operations, railroad rolling-stock, low demand and a seven-month strike at a supplier company also led to serious problems.

Dr Spethmann said mistakes had been made in this division and the management was changed during the year.

Budd, which reduced its workforce by about 2,000 to 14,000 in the year 1981–82, is to close its stamping plant at Gary, Indiana, with a loss of 800 jobs, and two wheel manufacturing plants with a further loss of 430 jobs.

Dr Spethmann said there were signs of renewed demand for passenger cars in the U.S. but it was too early to say if the recovery would continue and rationalisation would go ahead at Budd. "We have no intention of operating against the general tendency of the U.S. economy," he said.

Thyssen to decide on fate of new offshoot

BY OUR BONN STAFF

A SHAREHOLDERS meeting of Thyssen will decide in April on the creation of an independent company, provisionally known as Thyssen Stahl, comprising the group's basic steel operations.

Dr Dieter Spethmann, chief executive, said the new, wholly-owned subsidiary would then be the subject of merger talks with Krupp Stahl for the creation of n Rhine-based steel group, as envisaged in the report of an independent commission of "moderators" last month.

Significantly, Thyssen is not intending to form n corporate arrangement, whereby it takes over losses from the Thyssen-Krupp steel unit. In the new concern, Krupp will have n less than 50 per cent stake, because of its smaller steel production and asset base.

Talks between Krupp and Thyssen are further advanced on the creation of two new companies for special steels and open-die forged products. Both companies will be formed on the basis of parity and again there will no commitment for the parents to take over losses.

Dr Spethmann said that Thyssen would work for agreement of these three mergers, as soon as possible in the face of steel demand which was likely to remain weak, even after an economic upswing.

RSV to apply for debt repayment moratorium

BY WALTER ELLIS IN AMSTERDAM

RSV, the troubled Dutch shipbuilding group, is to apply for a moratorium on repayment of its debt – a procedure similar to Chapter 11 registration in the U.S. – following a refusal yesterday by the Government to grant the holding company any further financial aid.

A government statement issued after several weeks of discussion, said that one month's credit would be made available against the security to 14 RSV subsidiaries and that the position of the company's divisions engaged in defence contracts would be reviewed by the Cabinet today.

The Government'a position is based on a study of RSV's performance by McKinsey and Company, the U.S. management consultants. McKinsey is understood to bave said that only 15 per cent of RSV's activities were profitable, and that the cost of hiving off the profitable from the marginal and loss-making divisions could come to Fl 800m ($293m).

Widespread redundancies among the 17,000 workforce could follow a break-up of the group, while a failure by RSV to improve its position during the period of the expected moratorium could mean bankruptcy for the holding company. Much of the cost of a break-up would bave to be borne by the Dutcb state, which owns 46 per cent of the shares.

RSV has been in trouble fnr several years ever since the failure of a series of offshore ventures in Algeria and, more recently, the debacle of its mining operations in the U.S. It returned to profit in the first half of last year – with massive help from its Brazilian subsidiary

Dome to sell part of stake in pipeline

By Robert Gibbens in Montreal

DOME PETROLEUM and its exploration subsidiary, Dome Canada, plan to sell 10.3m shares of TransCanada Pipeline Limited (TCP), through a secondary offering in Canada.

The total proceeds will be just over C$250m ($203m), based on the current price of TCP.

Dome Petroleum bought 48 per cent of TCP, which operates the cross-country gas transmission system, about three years ago when it was rapidly expanding. Then last year, when Dome debts had soared to nearly $7bn it sold half its interest to Dome Canada, n new subsidiary set np with 50 per cent Canadian ownership to take over the group's artic exploration activities.

Great Lakes ahead on year

By Our Montreal Correspondent

GREAT LAKES Forest Products, the principle pulp and paper arm of Canadian Pacifics, posted a fourth quarter loss, but came out with a small profit for the 1982 year.

Earnings for the full year were C$18.5m ($14.9m), or C$3.80 n share against C$81m or C$18.59 n share n year earlier, on revenues of C$438m, against C$568m. About C$15m of the 1982 earnings were the result of an accounting change.

Crown Zellerbach Canadn reports n C$23.3m loss for 1982, against a net income of C$17.1m nr C$2.04 a share in 1981 on revenues of C$654m against C$653m.

Nabisco reports 20% increase in earnings

BY PAUL TAYLOR IN NEW YORK

NABISCO BRANDS, the New York-based food group which last year acquired Huntley and Palmer foods of the UK, yesterday reported higher fourth quarter and full year net income bolstered by divestitures. The group was formed in July, 1981, by the merger of Nabisco and Standard Brands.

The company, whose products include Shredded Wheat, Planters Peanuts and Walkers crisps, reported a 20.1 per cent increase in fourth-quarter net income to $103.4m or $1.54 n share, including n $27.4m after-tax gain from the sale nf Julius Wile Sons, the drinks company, J. B. Williams, Everlon Fabrics and Hygiene Industries. In the same quarter in 1981, the company reported net income of $86.1m nr $1.36 a share. Sales fell by 5.2 per cent to $1.5bn reflecting the divestitures and the effect of the strong dollar.

Operating income for the fourth quarter declined by 10.4 per cent, mainly due to the lnss of earnings from businesses which were sold, but operating income from continuing businesses, before corporate expenses, increased by 0.9 per cent. Sales from continuing businesses increased by 6.7 per cent.

Full year net profit was $314.7m, or $4.83m a share.

KLM reports $19.5m loss

By Our Financial Staff

KLM, the Dutch national airline, suffered a loss of Fl 53.4m ($19.5m) for the third quarter of 1982, ended December 31, compared with n loss of Fl 7.7m for the same period a year earlier. Sales, at Fl 1.15bn, were almost unchanged.

The sharp downturn, the airline said, was caused by currency losses on assets and debts, and lower than anticipated traffic growth. This resulted in a drop in profit for the first nine months to Fl 84.2m from Fl 108m last year.

Profit setback for McDermott

By Our New York Staff

MCDERMOTT International, the large New Orleans-based energy services company, yesterday reported n small loss of $239,000 in its latest three-month period, compared with earnings of $48.5m in the same quarter last year.

For the nine months to December 31, net income declined to $60.7m nn sales of $2.9bn, from earnings nf $138.5m on sales of $3.5bn for the same nine-month period the year before.

Dunlop does well on Malaysian deal

Wong Sulong looks at the latest round in the Dunlop-Pegi saga

THE ANNOUNCEMENT that Pegi of Malaysia and Dunlop Holdings of the UK are to share joint control in Dunlop Malaysian Industries (DMI) rather than Pegi buying the stake outright, adds yet another twist to what has become a long and tortuous saga.

In the process the love-hate relationship between Dunlop and Pegi has served to exacerbate both racial and political sensitivities in Malaysia and contribute to the strain in Anglo-Malaysia relations.

The latest deal is extremely advantageous to Dunlop. By exchanging its 51 per cent direct holding in DMI for an indirect 25.5 per cent stake, through a joint company called Dunlop-Pegi SDN Berhad, the UK company gets a strong injection of cash, while retaining full control of DMI.

Dunlop will now also be able to by-pass the Malaysian Government's new economic policy under which it would have had to reduce its stake in DMI to 30 per cent.

DMI is capitalised at 100m ringgit ($44m) divided into 100m one-ringgit shares and has a current market value of some 400m ringgits. It makes tyres, sports and household goods, and earned an after-tax profit of 23.8m ringgit in the year ended December, 1981.

For Pegi, the latest deal frees it from seeking in loans the $220m it would have needed to buy control of DMI, an expensive and difficult matter which shareholders were deeply concerned about.

It is not surprising that Pegi shares shot up by 13 cents to 2.95 ringgit following the new arrangements announcement on Wednesday. However, the Malaysian financial community remains unimpressed by the deal.

"It gets Pegi nowhere," comments one merchant banker, who adds "I can't help feeling sorry for Pegi. It started out on a good wicket when it was eying Dunlop, but somewhere along the line, it got sidetracked, and has landed up in some very messy situations."

The Pegi-Dunlop saga began to unfold three years ago. Then the Malaysian economy was still cruising comfortably, and the stock market was booming.

Mr Ghafar Baba, Pegi's chairman, was one of the most influential politicians on the Malaysian scene. He had, as a political ally, Tengku Razaleigh, the Finance Minister.

With such influential backing, Pegi was in an expansive mood. Also at this time shares on the Kuala Lumpur stock market were expensive by comparison with London, particularly those of Dunlop Holdings which was making heavy losses and was saddled with an unhappy tie-up with Pirelli.

Mr Ghafar and his associates began picking up Dunlop shares on the London market for between 50p and 80p, and built up a holding of around 20 per cent.

In late 1980 rumours of a Far Eastern takeover bid for Dunlop became so rampant that the UK Board of Trade sent out two inspectors to check on the situation. The mission failed to find out the full extent of the Far Eastern interests.

All the time, Mr Ghafar and Pegi maintained they were simply buying Dunlop shares as long-term investments, but there was little doubt they were waiting for the right opportunity to take over control—and that this action had the indirect support of the Malaysian Government.

Dunlop was the sort of company Malaysia wanted. It had major plantation and manufacturing interests in the country and advanced rubber-based and industrial technology which Malaysia was keen to acquire.

Dunlop's directors saw the threat and moved fast. In a deal reached in September 1981, they agreed to sell to Malaysian interests, Multi-Purpose Holdings (MPH) and Pegi, a 51 per cent stake in Dunlop Estates on condition they did not increase their buying in the UK parent. Dunlop received 211m ringgit from this sale.

The deal raised a political uproar in Malaysia. Politicians attacked it on grounds that effective control of a big plantation group (with 54,000 acres) passed to a Chinese corporation, that is, MPH.

Dr Mahathir, the Premier, was reportedly furious that the Malaysian interests had given an undertaking to stop buying into Dunlop. He felt they should have gone ahead with their bid for control.

The MPH-Pegi joint company set up to manage Dunlop Estates did not last long. It was a marriage of convenience, MPH had brought in Pegi only to appease the Malays, and last December, the two announced they were dissolving their partnership.

Dunlop Estates is now to go to MPH, while Pegi effectively retains its 24m shares in Dunlop Holdings, representing 18 per cent of the UK company.

The sale of its estates gave Dunlop Holdings only a brief respite from official pressure. In January last year, Dunlop Malaysian Industries (DMI) lost a 20m ringgit contract with the Malaysian Government, a contract it had held for almost two decades. The UK company was conscious that pressure was building up for it to reduce its 51 per cent ownership policy.

At the same time, Malaysian groups, including Sime Darby, began to become interested in buying DMI. However, the price offered, reportedly 3.8 to 4 ringgits per share, was unsatisfactory.

Dunlop's UK directors met Mr Ghafar in Zurich last July, and announced that the 51 per cent holding in DMI would be sold to Pegi for 255m ringgit, or 5 ringgit per share. This news disappointed Pegi shareholders and the Malaysian financial community who felt the price was far too high.

Pegi directors said they planned to make a rights issue to raise the money, while minority shareholders of DMI were offered a share exchange. However, after the dust had settled, it became obvious to both Pegi and Dunlop that the Malaysian authorities would insist on a cash offer to DMI minority shareholders.

In such an event, Pegi would have been faced with raising a total of 500m ringgit for the entire equity of DMI, an amount most banks would balk from lending during these difficult times while Pegi's track record is by no means impressive. For example in the six months ended September 1982, its pre-tax earnings were only 3.1m ringgit.

It was largely for this reason that the latest deal was negotiated. The 51 per cent Dunlop UK stake in DMI would be transferred to a company, jointly owned by Dunlop and Pegi. For this privilege, Pegi will have to raise 127.5m ringgit through a bank loan, and later possibly a rights issue.

Pegi has emerged from its fight with Dunlop with little to boast about. It risks having substantial assets (16 per cent in Dunlop Holdings and 127.5m ringgits for 25.5 per cent of DMI) locked up in companies over which it will have no direct control. However, Mr Ghafar maintains that Pegi's investments in the Dunlop companies will prove worthwhile.

The Dunlop-Pegi saga is by no means over but it does appear that the aggressiveness and confidence that Pegi displayed three years ago is gone.

Souza Cruz ahead but results disappoint

By Andrew Whitley in Rio de Janeiro

SOUZA CRUZ, the Brazilian cigarette manufacturer 75 per cent owned by BAT of the UK, more than held its own last year, raising net profits by 139 per cent to Cr 33.9bn ($179m).

Although profits compared favourably with inflation in 1982 of 99.7 per cent the results were, nevertheless, a disappointment for the company. It is the third largest private enterprise in Brazil and recorded a spectacular leap of 338 per cent in its registered profits in 1981.

Gross earnings rose 129 per cent in 1982 to Cr 635.3bn. Government tax took 78 per cent of receipts and in his annual report to shareholders, Mr A. C. "Tom" Long, the president of Souza Cruz, stressed the deteriorating margins of the tobacco giant.

Profits before tax were down to 2 per cent of gross factory earnings, compared with 7 per cent 10 years earlier. Increased taxes introduced by the Brazilian authorities during 1982 were held responsible for the fall.

Sales continued their slight downward drift of the past few years, declining by 1.6 per cent in response to retail price rises, authorised by the Government, of 102 per cent.

Souza Cruz still maintains a stranglehold on the large Brazilian cigarette market, increasing slightly its market share in 1982 to 80.4 per cent. Its rivals, Reynolds and Philip Morris, continue to lose money.

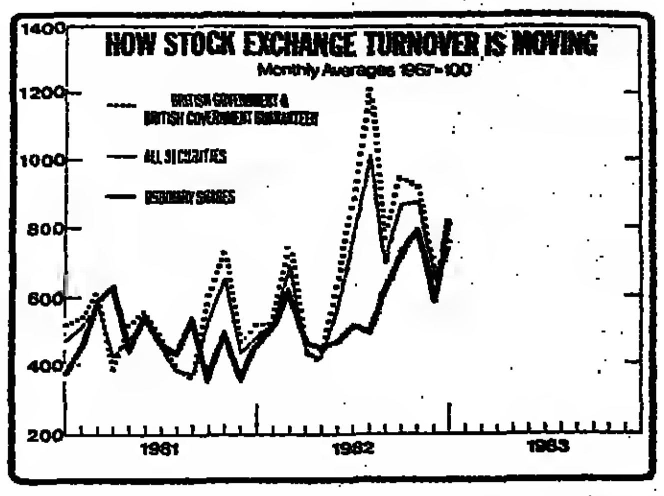
Dividends for the full year were 136 per cent up on those distributed at the end of 1981.

STOCK EXCHANGE BUSINESS IN JANUARY

Equity trade at record £4.6bn

BY NIGEL SPALL

LIVING UP to its reputation of being a busy month for turnover, January saw business in all sectors of the London Stock Exchange increase sharply. The recovery was led by a pronounced expansion of business in ordinary shares which, in money terms, spurted to an all-time peak of £4.60bn.



Turnover in the equity sectors jumped by £1.33bn, or 40.6 per cent, from December's £3.27bn. Consequently, the Financial Times Turnover index for ordinary shares rose to an all-time high of 820.7 compared with December's 583.8. The 1982 monthly average was 556.3

The number of equity bargains increased by 88,663 to 422,787 and the average value per bargain rose to £10,900 against December's £9,800

The gilt-edged sector recorded a less substantial rise in turnover, but was still up by £2.61bn, or 16.9 per cent, to £18.02bn. The number of bargains transacted was 9,662 higher at 84,226.

Trade in long-dated stocks increased by £1.43bn, or 17.3 per cent, to £9.71bn and that in the shorts by £1.17bn, or 16.9 per cent, to £8.31bn.

The Financial Times Turnover index for Government Securities was 762.6 in January compared with December's 652.3 and the 1982 monthly average of 717.3

Turnover in all securities rose by £3bn, or 14.2 per cent, to £24.10bn, against December's £21.11bn and the Financial Times Turnover index for All Securities rose in January to 738.6, well above the 1982 monthly average of 665.5.

London equities got off to a flying start in January, moving ahead in the wake of Wall Street, but sterling's collapse rudely interrupted the upward impetus. A subsequent good recovery was then thwarted by the failure of the Opec countries to reach agreement quotas and prices but equities again rallied—with the notable exception of oil shares.

The Financial Times Industrial Ordinary share index rallied from a low point of 598.4 on January 12 to 624.8 on January 20 and closed the month a net 26.0 points up at 622.7.

Gilt-edged securities proved more vunerable to sterling's setback. The Financial Times Government Securities Index dipped to a low point of 77.00 on January 24 and closed the month 4.17 points down on balance at 77.02.

	Value £m	% of total	No of bargains	% of total	Average daily value £m	Average bargain value £000's	Average daily bargains
BRITISH FUNDS							
Short Dated							
(5 years or less to run)	8,306.8	34.5	25,570	4.7	395.6	324.9	1,218
Others (over 5 years)	9,712.4	40.3	58,656	10.8	462.5	165.6	2,793
TOTAL	18,019.2	74.8	84,226	15.5	858.1	213.9	4,011
IRISH FUNDS							
Short Dated							
(5 years or less to run)	614.0	2.5	2,073	0.4	29.2	296.2	99
Others (over 5 years)	247.8	1.0	2,460	0.5	11.8	100.7	117
UK LOCAL AUTHORITY	347.6	1.4	4,534	0.8	16.6	76.7	*216
OVERSEAS GOVT	62.1	0.3	1,398	0.3	2.9	44.4	66
OTHER FIXED INTEREST	214.0	0.9	23,871	4.4	10.2	9.0	1,137
ORDINARY SHARES	4,599.5	19.1	422,787	78.1	219.0	10.9	20,133
TOTAL	24,104.2	100.0	541,349	100.0	*1,147.8	*44.5	*25,779

* Average of all securities

Japanese car-makers cut spending plans

BY CHARLES SMITH IN TOKYO

JAPANESE MOTOR manufacturers are cutting capital investment budgets following the first year-to-year decline in the production and sale of cars since the 1973 price rises.

Overall capital expenditure by the industry is likely to be down about 8 per cent from last year's total (which itself was revised downwards from earlier estimates). Some companies, however, will be spending 30 to 40 per cent less than a year ago with the bulk of their funds allocated to rationalisation

Toyota Motor, Japan's number one passenger car manufacturer, plans to invest about Y200bn ($836m) during 1983, of which Y12bn will be earmarked for "capacity expansion and welfare."

Nissan Motor, the industry's number two manufacturer, predicted yesterday that it would spend about Y190bn on capital investment projects inside Japan during the year beginning next May. This is Y20bn less than Nissan's original budget for the current fiscal year (1982-83) and Y10bn less than the company now expects to spend. Roughly Y75bn of Nissan's 1982-83 capital expenditure will be allocated to new product development.

The number three Japanese car maker, Toyo Kogyo (whose cars carry the Mazda brand name) expects to spend about Y70bn on plant and equipment during its next fiscal year, starting in April. This is only Y5bn less than the company will have spent during the current year but nearly Y30bn below the 1982 budget.

Mitsubishi Motors has announced plans for a cut of one-third in its capital expenditure budget for the year beginning April, from Y75bn to Y50bn. The company declines to say how much, if any, of the money will be spent on capacity increases, but at least two-thirds of the total is believed to have been allocated to energy saving investment and to new product development.

An exception to the general rule of diminishing investment in the Japanese motor industry is Honda, which expects to spend the same amount of money in the coming year as in 1982 (Y95bn). Honda's bullish 1983 investment budgeting reflects, among other things, the spectacular success on the Japanese home market of its 1.7 litre car, the City.

Honda's main competitors in the Japanese motor cycle industry — Yamaha and Suzuki —have both announced sharp cuts in their 1983 investment budgets, although for contrasting reasons. Yamaha will be spending nearly 30 per cent less on plant and equipment in 1983 (Y27bn compared with last year's Y37.6bn) after experiencing a pile up of stocks, particularly in its overseas markets. Suzuki's investment budget for the current year has been set Y32bn, down from 1982's record Y61.8bn.

Suzuki's capital spending was boosted last year well above the company's own expectations by work on a Y40bn factory which will produce the new Suzuki "S" car (a one-litre model destined for sale under an OEM contract to General Motors). The S car represents Suzuki's ticket of entry to the Japanese motor industry, proper, since the company has never previously built cars with engine capacities greater than 550 cc.

Overall investment capital in the Japanese vehicle industry jumped from Y479bn in 1979 to Y751bn in 1980 as the 13 motor and motor cycle manufacturers strove to prepare themselves for what they hoped would be the booming 1980s. The investment figures continued growing, to Y864bn in 1981 and to Y916bn last year, but it now appears that this may have been the peak. A figure slightly over Y800bn appears possible for 1983.

TECHNOLOGY

EDITED BY ALAN CANE

HIGH SPEED SATELLITE LINK EXCITES U.S. ATTENTION

Universe shrinks the computer world

BY ELAINE WILLIAMS

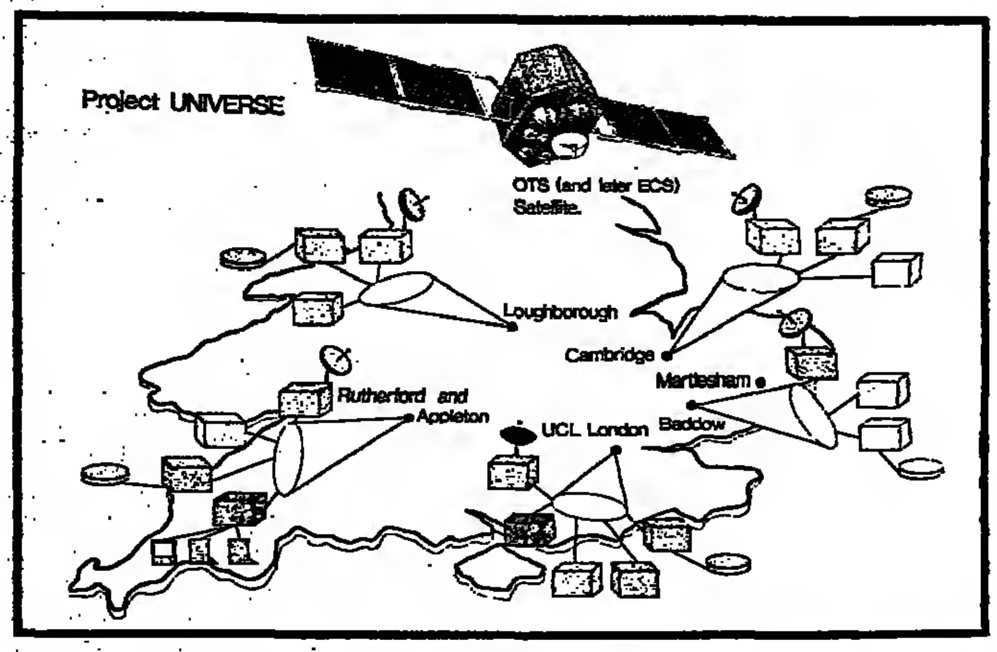
A UNIQUE collaboration between industry, government and universities will get its first public airing later this month. It is Project Universe—a £3m, three year research study to assess the future and practical problems of linking large computers over long distances at high speed.

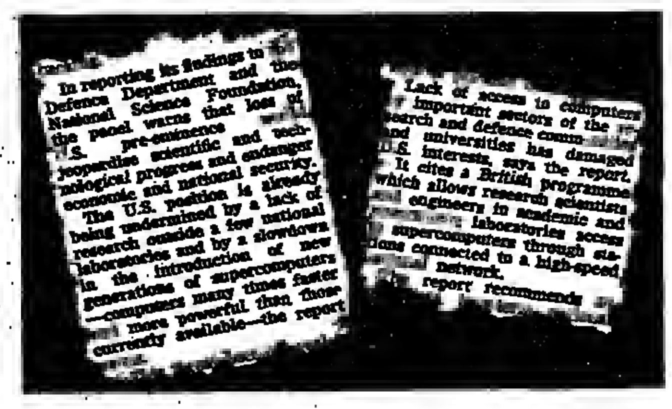
In essence, Project Universe puts together two concepts of computer linking for the first time. These are local area networks and high speed satellite links.

Those involved in the work are the Department of Industry, the Science and Engineering Research Council's Rutherford Appleton Laboratory, British Telecom, Cambridge University, GEC, Logica, Loughborough University of Technology and University College London.

However, other companies including BICC, Cifer Systems, Marconi Avionics and Orbis Computers are to provide equipment and support for the first official demonstration at tha Information Technology and Office Equipment Exhibition which will be held at the Barbican Centre on February 22.

Industry has shown a keen interest in the research work because the transmission of high bandwidth digital data between computers aeparated by both short and long distances is becoming increasingly important to business, industry and in scientific research.





Above: A total of seven locations are linked into Project Universe. Communications between sites is through a series of satellite links. For the first public demonstration at the Barbican centre, these links will be controlled by GEC computers. The success of this project paves the way for commercial high speed data communications with good export prospects for British companies.
Left: How the U.S. feels its lead in computers is being eroded by European countries. First printed in the Financial Times on January 20, a report cites Project Universe as an example of Britain's advanced technology

Ring

Over short distances the problem of communication between computers has been solved by the local area network. This is simply a ring of cables, rather like the ring mains for electricity in the home — to which all the computer equipment, terminals and printers are plugged in.

There are many different local area networks, or LANs, on the market but Project Universe employs the Cambridge Ring, developed by Cambridge University. Packets of digital information each with addresses travel around the ring until they reach the compoter device with the correct address.

In the Cambridge system packets of digital information of fixed length circulate round the ring in one direction only. The basic transmission speed of data from one station to another is around one megabit a second but will be 10 times that speed in a few years.

A single local area network might serve an industrial plant, office building or a small research laboratory. For much larger buildings or applications several rings may he needed. Each individual ring could be linked by a communications channel to a master ring running around the whole area.

In this larger configuration, correctly addressed packets of data still reach the required destination anywhere in the network.

In the Universe Project, such rings are then connected to satellite earth stations so that they can be linked to other LANs which are further away. The data which travels at a speed of np to one megahit a second is beamed to the European Orhital Test Satellite (OTS), which then transmits the signals to all the earth stations involved in the Universe Project.

Commercial

An important feature of the project is its great flexibility since it allows any computer device at any of the sites belonging to the participants to pass information with any other. This type of system can be extended to cope with more than 30 sites which might he needed in large commercial applications.

For the Barbican demonstration four separate locations will be linked via satellite illustrating four individual applications of the ring system. The Logica VTS Polynet ring, a commercial version of the Cambridge design, will be used plus a British Telecom mohile satellite ground station linked to the exhibition hall hy an optic fibre link.

The experiments illustrate the many different needs of the Universe Project participants. For example, Loughborough University of Technology will be demonstrating a frame store TV system which builds up a slow scan digital picture for analysing images; Logica VTS will show word processors and microcomputers connected to a LAN, and University College London will demonstrate a system capable of high speed transfer and retrieval of text, pictures and video text stored at a distant database at UCL.

Despite its high performance, UCL says that only a low cost microcomputer is needed for terminal access so it will use the BBC microcomputer for the demonstration.

Benefits

According to the Science and Engineering Research Council, SERC, the main benefits of the project will be the experience of operating such a complex system and the ability to demonstrate it to potential overseas customers.

Mr John Burren at the Rutherford Laboratory, one of the team leaders of the Universe Project, said that the participation of the three commercial companies allowed them to exploit any results immediately. "It is one of the few areas in computing where the UK is in the first division," he said.

In fact, a recent U.S. report commissioned by the U.S. Government warned that Europe and Japan were catching up with the U.S. lead. It mentioned tho Universe Project as an example of the British threat to U.S. computing.

Mr Burren said that there were only two similar projects on high speed data transmission. One is the Wideband Satellite experiment being carried out in the U.S. for defence applications. However, this tends to concentrate on high speed voice transmission rather than all forms of communication provided hy Universe.

France also has "Nadir" which is presently only operating on a small scale and lacks a satellite link until Telecom 1, the French national communications satellite is launched in a few years' time.

Project Universe, however, can make use of the OTS satellite with the help of six GEC 4065 minicomputers. These form the vital link between each of the participants' computer or local area network and the satellite network. The system will then be able to adapt to the European Communications Satellite, ECS, which will be the commercial version of the OTS.

JAPANESE FIND THE RIGHT KEY

New scale for music printing

BY CHARLES SMITH IN TOKYO

MUSIC PRINTING is one of the last strongholds of tradition in an industry which, in the past five years or so, has been changed out of recognition by the introduction of computer typesetting techniques.

If Japan's Toppan Printing Company has its way this may not be the case much longer. Toppan is working on a system called Scan-note which applies to the far more complicated process of setting up a page of music.

The system will not only speed up the painfully slow process of getting music ready for the printer, according to Toppan, hut will also probably change the economics of the industry — making it possible to print more kinds of music than in the past and greatly simplify the printing of arrangements or adaptions of existing music.

The system which is now being tested at Toppan's Itabashiku factory in northern Tokyo, and which should hit the market later this year, uses no metal and does not require a craftsman. Instead, the operator sits at something closely resembling a piano keyboard "playing" the notes of the score into a medium-sized scientific computer.

A conventional computer input terminal, consisting of a typewriter keyboard and CRT screen, is used to provide additional information to the computer such as the time, signature and key signatures of a piece, any changes in key or time that occur in the middle of the page, the number of bars to a line and so on.

The terminal can also be used to describe to the computer rythmic or harmonic patterns that recur repeatedly.

Information transmitted to the computer is sent to a standard printer terminal (of the kind manufactured by Japanese companies for printing kanji characters) which produce a slightly larger than life-sized proof of the original manuscript.

The operator corrects this, and adds additional symbols such as dynamic markings, with a stylus which picks up the appropriate symbols from an electronic menu chart.

Finally, the completed page is reproduced by a leser powered plotter in the form of "block copy" which goes directly to the print shop.

Typesetting by the Scan-note system takes about one hour per page, or up to two hours in the case of complicated manuscripts where large numbers of insertions have to be made at the proof correcting stage.

Faster setting up of music from unpublished manuscripts is not the only advantage Toppan claims for the system. The company has developed software which will enable a sheet of music in, say, C major to be reset in C sharp major (or any other key) on a single instruction to the computer.

Another programme can be used to set a full orchestral score as a series of individual instrumental parts — without going back through the whole of the original typesetting process.

A future refinement of Scan-note will take the form of directly linking a synthesiser to the editing computer, enabling composers to compose their music directly onto the printed sheet. Toppan thinks this facility may he of special interest to film companies which are at present spending heavily on the editing and re-editing of music after it has been written out in manuscript form.

The Scan-note system could probably never have been put on the market as a complete package (involving host computer, terminals, software, etc.) without the benefit of the all-round expertise in printing and electronics that is the speciallly of Japanese printing companies.

This is not to say that Toppan did all the work on its own. Scan-note, as the name suggests, was originally the brainchild of a Dane, Mr Nogens Kjaer, who taught himself computer programing and then developed the software required for turning a page of music into computer language while teaching music at a teachers' training college.

Mr Kjaer took his ideas to Dataland, a Danish software company, which, in 1978 helped him to set up a company that would first provide computerised music setting services and then hopefully start marketing the system itself to publishers.

Scan-note Denmark had achieved an output of about 50,000 sheets of computer set music per year in early 1982 when high Danish interest rates forced Mr Kjear to close the company—and to hand over his idea to the Japanese.

Instruments

Transient wavelength recorder

THE DATALAB DL1080 programmable transient waveform recorder is designed to provide nnattended and reliable monitoring of data line transients, with output to hardcopy devices and data line storage. The advantage claimed is that the recorded wave forms are directly suited to automated computer analysis.

In one application, the recorder was used to monitor line transients caused by lightning strike effects which were detected at a telephone exchange, so that protection measures could be correctly specified by engineers installing the exchange equipment.

Datalab is also offering a new digital random waveform capture and storage system, able to operate unattended, to store the signal information on a Winchester disk subsystem for such applications as the lightning strike work. Data Laboratories is at 28 Wates Way, Mitcham, Surrey (01-640 5321).

Computing

Software for solicitors

A REVISED, up-o-date version of DATA-LEX, a comprehensive accounting, bookkeeping and time-recording program for solicitors, has been introduce by the software organisation Dataview.

The program written for Commodore computers which can perform multiple processing, can provide instant reports, allow partners to distribute the workload through a time-costing record and will maintain a record of solicitors' and clients' money in separato accounts. Dataview: Portreeves House, East Bay, Colchester, Essex (0206 86941).

Automation

Engelberger on robotics

MR JOE ENGELBERGER, president of Unimation, tho major U.S. robot manufacturer, will be discussing the place of robotics in the factory in a forthcoming Financial Times conference on manufacturing automation.

Other speakers will include Mr Dick Danbenmire, vice-president manufacturing and product assurance for IBM Europe and Mr D. H. Roberts, director of research for GEC.

The conference "Automated manufacture-adopt or decline?" will take place on February 21 and 22 at the Royal Lancaster Hotel, London. Further information from FT Conferences on 01-621 1355.

Intel 8088

TYPING errors in the story "Battle lines for the micro wars" (this page February 2) may have confused somo readers. The Intel processor in the IBM Personal Computer is the 8088, not the 8086, which is half-way hetween being a 16-bit and an 8-bit processor.

MEDICAL ELECTRONICS

Change of pace in heart control

BY RAYMOND SNODDY

A NEW heart pacemaker company is poised to enter the intensively competitive U.S. market with a product they describe as a "significantly better mousetrap."

Cardiac Control Systems, set up in 1980, plans to hegin clinical trials of its new pacemaker in the U.S. this summer and hopes quickly to take a noticeable slice of a market estimated to have been worth $510m (£337m) in the U.S. last year and a total of $750m worldwide.

CCS says it has successfully designed "a system that for the first time incorporates all known physiological pacing modes for the control of bradycardia (slow heart rate). It can deal with 18 different operating modes including the ability to pace an d sense in the atrium and ventricle.

Many of the people behind CCS were involved with Intermedics, the number two U.S. pacemaker company with a 24 per cent market share in the U.S. last year.

The CCS chairman Mr Robert Brownlee, ao electronics engineer who designed the new pacemaker range, was closely involved with the introduction of telemetry into the field of cardiac pacing when he was a consultant engineer with Intermedics.

The president and chief executive, Dr Charles Del Marco, was medical director of Intermedics from 1974 to 1979.

Mr Brownlee, in London this week for a private placing of around 37 per cent of the CCS equity to raise $8m in working capital, says he believed it could be one of the last start-ups in the now established pacemaker industry: "In 1974 it took Intermedics four months and $400,000 to develop a new product. Now it's three years and $10m to $12m," he said.

Apart from being ahle to cope with every mode that is viable for the human heart Mr Brownlee says the main advance in their new pacemaker lies in the human engineering.

A much simpler programming code has been developed for doctors, which can be altered externally without further surgery, Mr Brownlee says, and much simpler telemetry procedures for patients.

Doctors can initiate automatic transmission of detailed data from within the pacemaker—including a cardiac electrogram during pacing—which comes in the form of a printout for patient files.

The custom designed micro-controller has been developed and will be manufactured by Harris and the circuitry will be completed by Raytheon.

CCS is aiming for 3 per cent of the U.S. market and 1 per cent of the world market in 1985 —which would mean sales of $26m.

Apart from Intermedics the U.S. market is dominated by Medtronic with a 41.7 per cent share, Cordis, 12.5 per cent and Cardiac Pacemakers with 5.8 per cent. But Mr Brownlee believes the hig hreakthrough is still to come. He says he has developed a sensing system sophisticated enough to allow pacemakers to he used routinely to control tachycardia (rapid heart beat). At the moment drugs are considered more satisfactory than existing pacemakers. The CCS tachycardia pacemaker could be on the market within two years.

UK COMPANY NEWS

Court rejects Viyella voting plea by Hyman

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A HIGH COURT judge yesterday ruled that ICI was fully entitled to vote all of its 49 per cent shareholding in Carrington Viyella behind the proposed CV-Vantona merger.

He rejected a petition from Mr Joe Hyman seeking to limit ICI's voting stake to 35 per cent.

He awarded costs against Mr Hyman and refused him leave to appeal, though Mr Robert Wright, QC, counsel for Mr Hyman, said there would be an appeal to the Court of Appeal seeking to overturn that latter decision.

The judge also refused to accept a further petition from Mr Hyman that the court should order ICI or Carrington Viyella to buy his shares at a price determined by the court.

Mr Hyman announced yesterday he had bought another 500,000 shares in Carrington Viyella at 9½p, bringing his total holding to 8.8 per cent.

Vantona has stated that it will not go unconditional on the offer unless it receives acceptances from 90 per cent of the shareholders by the deadline next Wednesday. Last night it reported its support as being just over 87 per cent.

Mr Hyman left court without saying anything but Mr Alliance, managing director of Vantona, said afterwards: "Mr Hyman is, I am sure, the sort of man who will support the deal because he has the interests of the industry at heart."

Desperate attempts were being made last night to bring the two men together to discuss Mr Hyman's holding before Wednesday.

The significance of next Wednesday's date is that under the takeover code any shareholder accepting the offer can withdraw that acceptance 21 days after the closing date.

But if 90 per cent of the shareholders accept the deal then Vantona could go to the High Court under section 209 of the Companies Act of 1948 to compel Mr Hyman to sell his shares.

UK placing for U.S. medical group

By Clive Wolman

A U.S. company which manufactures heart pacemakers is seeking to raise about $8m from UK institutional investors through the placing of about 1m shares at a price of $7.75 per share, it was announced yesterday.

Cardiac Control Systems, which was incorporated in Delaware in June 1980, was refused a quotation on the Unlisted Securities Market because it had issued too large a number of stock options and unexercised warrants in relation to its ordinary share capital.

"If London wants to become an international capital market, it will have to accept that other people raise finance in different ways from us," said Mr James Meynell of the Carolina Bank, which is placing the issue with stockbrokers Laurie Milbank.

The share capital to be raised will amount to 27 per cent of the total equity of the company. The remainder was raised privately in the U.S. But the company decided not to wait to obtain a quotation there which would have allowed it to raise more money, said Mr Meynell.

However, the company expects to be granted a public quotation on one side of the Atlantic or the other in the next nine to 18 months, he added.

If the required amount of money is raised in the UK, this will be sufficient for all the company's cash needs until 1983. During the developmental stage of its operations from June 1980 to September 1982, the company made an accumulated loss of $2.7m. A further net operating loss of $939,000 is forecast for the six months ending in March 1983.

But in the subsequent two financial years, the company forecasts sales of 1,800 and 8,400 pacemakers, of which 70 per cent would be in the U.S., producing pre-tax profits of $360,000 and $5.9m.

The money to be raised in the UK will be used to complete the development of CCS's five pacemaker models and to provide sufficient working capital for their production and marketing.

The simplest model provides six different pacing modes and is designed to be applied to a single chamber of the heart. The most sophisticated can sense and pace both chambers and provides 14 different modes.

Blundell-Permoglaze profits steady at £2m

BY OUR FINANCIAL STAFF

BLUNDELL-Permoglaze Holdings has maintained its profit for the year ended October 31 1982, after showing a 52 per cent rise at the six months stage.

The final dividend of the promised 4.4p net on capital increased by a rights issue, to make 6p for the year, against 5.6p.

Sales of this group, paintmakers and suppliers to the building industry, rose by £3.26m to £29m, and the profit came out at £2.02m, compared with £2.05m in the previous year.

Mr Robert White, the chairman, says the results can be considered pleasing, as to maintain the profit a very exceptional export order of £1.5m obtained in 1981 had to be replaced. This was achieved although there was no increase in the general level of industrial activity.

The major contribution came from the long established building paints and products division, since the newer acquisitions have not yet had sufficient time to have made a significant impact. There was little growth in the market for decorative paints but the group maintained its market share.

■ BLUNDELL-PERMOGLAZE HOLDINGS

Paint Manufacturing and building supplies

Year to Oct 31	1982	1981
	£	£
Sales	29m	25.74m
Pre-tax profit	2.02m	2.05m
Tax	359,560	828,680
Attributable profit	2.36m	1.22m
Earnings per share	34.1p	18.6p
Dividend	6p	5.6p

In the Republic of Ireland high inflation has not helped and demand was static. Nevertheless, the new Dublin factory was completed and came on stream in June. The Irish company's contribution, however, which reflected additional finance charges, was not as great as in 1981. The distribution company MRCB (Paints and Wallcoverings) which operates jointly with Leyland Paints in Northern Ireland, had a satisfactory first year of operation.

The Scottish decorative paint market was also very difficult but Federated Paints, in contributing its first full year's profit, was almost up to budget.

Although interests in building insulation systems continues to grow, there remains a very long lead time in orders materialising, the chairman tells members.

At the end of the financial year the net asset value per ordinary share was 157p. Mr White says the cash position, augmented by the rights issue, proceeds, remains very strong.

After tax £359,560 (£828,680) and minorities this time of £17,681, the net attributable profit is shown at £2.36m (£1.22m) for earnings of 34.1p (18.6p) per share. The tax charge takes account of £1.18m deferred no longer required – without this earnings would be 17.1p.

Steetley reduces chemicals operations

By Charles Batchelor

STEETLEY, the diversified minerals, construction materials and chemicals group, is to dispose of most of its remaining chemicals manufacturing interests.

It is negotiating the sale of its chemical operations at Stratford, East London, including its 60 per cent interest in Berk Spencer Acids, to RTZ Chemicals, which is the minority partner.

The operations involved in the proposed sale employ 200 people and account for annual sales of about £11m ($16.8m). A small reduction in the workforce is likely to occur after the transfer, Steetley said.

The principal products of the Stratford plant are sulphuric and hydrochloric acid and sodium bisulphate, a basic ingredient in toilet cleaners.

Steetley has closed or sold four of its five main chemical production plants over the past year, including one at Sandridge, Herts, making bromine compounds used in the cosmetics and food industries, and its rare earths plant at Widnes, Cheshire.

"Steetley Chemicals is reducing its manufacturing and extending its trading interests," said Mr John Robertson, managing director. "Manufacturing has been relatively less profitable and we have made economies."

The company has annual trading turnover of £30m and represents mainly foreign manufacturers in the UK market.

Christie-Tyler cuts losses in first half

BY OUR FINANCIAL STAFF

CHRISTIE-TYLER, the furniture and upholstery group, reduced its losses sharply during the six months ended October 31, 1982. At the pre-tax level they emerged at £220,000 compared with £739,000 for the same period last year and £445,00 in 1980.

In his interim report chairman Mr G M Williams says the group's improved performance was a result of its reorganisation programme and an improvement in general trading conditions last autumn.

He adds that Christie-Tyler has been trading profitably since September although "at an unsatisfactory level."

Recent moves in exchange rates are having a serious effect on the group's costs of imported textiles and timber and based on the fall of the pound since November alone are costing an extra £1m a year.

Until these exchange rates move, the directors had considered a small profit would be made for the year as a whole. However, the chairman says these changes and the substantial cost increases in polyether and the uncertain trading conditions for the spring make forecasting difficult.

Turnover for the six months declined from £35.55m to £33.95m but at the trading level the group moved £137,000 back into the black, compared with a previous deficit of £611,000, before interest charges of £357,000 against £128,000.

Loss per 10p share was reduced from 7.7p to 2.3p but in view of the losses incurred there is again no interim dividend. The last payment was a final of 3p for the 1980/81 year.

■ CHRISTIE-TYLER

Manufacture of furniture and upholstery

Half-year to Oct 31	1982	1981
	£	£
Sales	33.95m	35.55m
Pre-tax profit	220,000*	739,000*
Tax	—	—
Attributable profit	220,00*	739,000*
Earnings per share	2.3p*	7.7p*
Dividend	—	—

*Loss

At the annual meeting Mr Williams said he expected better results in the first half of the current year, compared with the same period the year before, and a return to profits for the year as a whole even though they would be at "an unacceptable level in relation to sales."

He added that the relaxation of hire-purchase controls and the reduced costs of house mortgage interest rates "must have some beneficial result" particularly at the lower end of the market.

Looking further ahead the chairman said the difficulties in no way changed his view that the group would, in due course, return to "proper profits."

Barlow to end Malay connection

By David Dodwell

BARLOW Estates, the wholly owned subsidiary of Barlow Holdings, is to dispose of its last significant stake in Malaysian plantations. It announced an agreement yesterday to sell its 30 per cent holding in Barlow Plantations for M$46m (£13.1m) to Permodalan Nasional, Malaysia's national investment agency.

Until September 1981, Barlow Plantations was wholly owned by Barlow Estates. But to conform with pressure from the government in Kuala Lumpur for Malaysianisation of foreign-owned companies, it then sold 70 per cent of its holdings to Malaysian interests – 40 per cent to Permodalan Nasional and 30 per cent to Perlis Holdings, controlled by the Kuok family.

On Wednesday, Perlis Holdings revealed that it had also agreed to sell its 30 per cent holding to Permodalan, giving the agency 100 per cent control. Perlis was also paid M$46m – the same price that it paid to acquire its stake from Barlow 17 months ago.

Barlow Holdings will be paid 20 per cent of the purchase price immediately, and the balance early in May.

The trigger for complete withdrawal was the depressed state of the world rubber market, and an agreement between the three groups controlling Barlow Plantations that effective management would be easier with clear majority control.

Barlow Holdings is likely to use the cash raised from the sale to invest further in UK securities and property. This policy was first outlined in the autumn of 1981 when the board revealed plans to spend a large proportion of the £12.14m net profit from the sale of its 70 per cent stake in Barlow Plantations in these sectors.

The Barlow family began operating in Malaysia first as agents, managing other people's plantations at the turn of the century, and over the years acquired substantial equity holdings in many plantations groups. Barlow Plantations comprised over 35,000 acres.

Arenson sales directors quit

BY MAURICE SAMUELSON

THREE senior sales directors are leaving the troubled Arenson furniture and office equipment group. Earlier this week the group confirmed it was shedding up to half its 400 strong workforce.

They are Mr. Peter Eckford, the group's export sales director; Mr Tony Walton, sales director for office equipment; and Mr Aubrey Sacks, sales director of the Arvin domestic furniture subsidiary, who left last week.

Mr Archy Arenson, chairman, confirmed last night that they were leaving as part of the company's contraction plans, adding that none was a member of the group's main board.

The company, based at St.Albans is to cease making assembled domestic furniture, in which profits have been squeezed by mounting transport and distribution costs.

It will concentrate instead on ready-to-assemble furniture and office equipment.

In its last financial year, it reported a pre-tax loss of nearly £1m.

HOW THE SCOTTISH BUS GROUP STAYS IN PROFIT

Scotland's far-flung routes

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE SIZE of Scotland and the fact that there are relatively few Scots make it difficult to run a bus company.

Yet the Scottish Bus Group, running 3,400 buses over 120m miles a year throughout 30,000 square miles of Scotland, manages to make profits.

The £3.5m surplus in 1981 accounted for just under half of the £7.4m profits of the Scottish Transport Group, the state-owned conglomerate covering ferry and road haulage services along with insurance, travel advertising, public relations business, and the buses.

Scottish Bus Group coaches to London carry three quarters of the 500,000 passengers a year, despite competition from private bus owners.

The Scottish Bus Group has consciously stayed clear of extras, such as meals, hostesses and en-route video to provide a £8.50 one way trip, relying on the advantages of terminals at both ends with onward services.

But the heart of the Scottish Bus Group's activity is the inter-city, inter-Scottish routes.

It is here that the main problems are, too, for the social cost of running buses in Scotland is high – too high in the view of Mr Ian Irwin, the managing director of the Scottish Transport Group.

He has cut the cost of running the buses through an extensive marketing survey which identified route demand and increased operating efficiency. But the combination of increasing costs for far-flung services on unprofitable routes, reduced financial support from regional authorities to operate these routes, fewer passengers overall and the dangers of fare increases pose a threat to the group's profit figures.

It is easy to see Mr Irwin's predicament. He has a duty to run a social service and send buses into deep rural areas where it does not pay.

But he also needs to service the profitable areas such as those carrying workers from outlying towns into Glasgow.

He needs more financial support from the regions to help him run the unprofitable routes, amounting to about 6.5 per cent of costs.

Yet the regions have increasingly tight budgets and the government is putting pressure on them, threatening to reduce rate support grants for cases of excess expenditure.

The government also expects the bus group to carry out its social duty, but wants it to perform commercially as well.

The bus group can raise fares, but only at the cost of increasing the exodus of passengers from the buses.

As the bus group has absorbed regional services over the years, it has moved into unremunerative areas. In 1980 it received between £9m and £10m from the regions in support.

This revenue from the regions today is about half what it was in 1980. The group now needs about £13m to meet the costs of these services.

Mr Irwin has encouraged regions to develop economic ways of running their own rural services, one way is to use microbuses to combine postal deliveries and passengers in areas where it does not pay to send a bus.

But the response has been limited. Although unlikely to win further government assistance, Mr Irwin hopes that some of the more wealthy regions will accept that a margin of their support could be earmarked for regions such as the Highlands.

At the moment each region has a cost accounting for its bus service so that wealthy regions do not end up subsidising the costs of the poorer areas.

RESULTS IN BRIEF

■ McKAY SECURITIES

Property investment & development

Half-year to Sept 30	1982	1981
	£	£
Sales	1.59m	1.5m
Pre-tax profit	883,000	823,000
Tax	447,000	429,000
Attributable profit	—	—
Earnings per share	—	—
Dividend	1.65p	1.35p

■ MUNTON BROTHERS

Clothing manufacture

Half-year to Oct 31	1982	1981
	£	£
Sales	5.29m	1.6m
Pre-tax profit	373,984	157,946
Tax	—	74,500
Attributable profit	273,984	83,446
Earnings per share	2.325p	1.508p
Dividend	1.5p	1.5p

■ WILLIAM RANSON & SON

Manufacturing chemist

Half-year to Sept 30	1982	1981
	£	£
Sales	1.48m	1.52m
Pre-tax profit	65,000	154,000
Tax	34,000	80,000
Attributable profit	31,000	74,000
Earnings per share	2.08p	4.93p
Dividend	1.5p	1.5p

Financial Times commercial law report

Bank restrained from obeying U.S. subpoena

X, Y AND Z v AN AMERICAN BANK

Queen's Bench Division (Commercial Court): Mr Justice Leggatt: January 27 1983

A BANK has a duty of confidentiality towards its customers and may be restrained by injunction from obeying a U.S. subpoena requiring it to disclose documents held in London before a federal grand jury in breach of that duty; and in deciding whether to grant an injunction the English court will have regard to the balance of convenience, taking particular account of whether the bank, if restrained from obeying the subpoena, would be subject to sanction in the U.S.

Mr Justice Leggatt so held when granting applications by three companies, X, Y and Z, for continuance of injunctions obtained by them restraining the London branch of an American bank from obeying a U.S. subpoena to produce account documents before a grand jury.

* * *

HIS LORDSHIP said that the three companies, incorporated in Switzerland and Panama, were concerned in the marketing of crude oil. Two of them conducted their business wholly outside the U.S., and the third handled some business emanating from New York, but operated from headquarters in Switzerland. They were all customers of the London branch of the American bank.

On October 8 1982, as a result of U.S. investigations into the crude oil industry, a subpoena was issued in New York, requiring the London branch to produce all documents relating to the companies' accounts before a federal grand jury.

The subpoena stated that if the bank failed to produce the documents, it would be liable for contempt of court. It was endorsed by an order of the District Court for the Southern District of New York.

The companies were granted injunctions in the UK restraining the bank from producing the documents. The question in the present applications was whether the injunctions should be continued until trial.

The bank found itself in difficulty. The subpoena was binding on it in U.S. law, but the UK injunctions prevented it from obeying the subpoena.

It was not disputed that the bank was subject to the duty of confidentiality. That was the same in New York as in London. It arose from an implied term of the contract between bank and customer that the bank would not disclose information without the customer's consent.

*

Nor was there any dispute that disclosure to the grand jury would constitute breach of that duty, not only in the technical sense, but also in a wider, more material sense. The evidence showed that there was no secrecy with regard to matters entrusted to grand juries.

The damage which the companies would sustain if breach of confidentiality occurred was described as immediate, irreparable and incalculable. It was said in evidence that in politically sensitive areas some principals preferred to trade through intermediaries and not reveal their strategy. Many transactions were entered into by governments and details were highly confidential.

Information in the documents would reveal the identity of trading parties and would have serious repercussions. Also, disclosure would open a window on the companies' secrets and put them at a severe disadvantage in relation to competitors. It was not disputed that those consequences might occur.

The bank said that one of its officers might be asked to produce documents in New York, and be imprisoned if he refused.

However, expert evidence for the companies showed that there was a doctrine in New York known as the doctrine of "foreign compulsion." The practice was that where a prohibition in one state conflicted with a command in another, a person who made good-faith effort to be released from the prohibition would not be held in contempt of court.

It was said that the injunctions would come within the "compulsion" defence, provided (a) the bank acted in good faith, and (b) disobedience to the injunctions would subject the bank to serious sanctions.

That evidence was accepted as accurately representing New York law. It followed that the bank, having properly pursued its good-faith efforts in the UK to relieve itself of the injunctions, ought not to be held in contempt in New York.

Mr Longmore, for the bank, contended that as a matter of English law, a court would not enforce a contract if performance required violation of the law of the place of performance. He said that the keeping of confidentiality required violation of U.S. law.

It did not follow from the fact that production of documents be ordered that secrecy had been rendered unlawful. Confidentiality was not made illegal by a subpoena requiring disclosure. Failure to produce documents might be excused if an excuse was adequate.

Mr Cresswell relied on *Rio Tinto Zinc v. Westinghouse* [1978] AC 547 as showing how a subpoena was to be regarded in the UK. There the Attorney-General had submitted that wide investigatory procedures by U.S. anti-trust legislation constituted infringement of UK territorial jurisdiction.

Mr Longmore said the subpoena in the present case did not represent any invasion of UK sovereignty. He said its primary effect was in New York.

The proper use to be made of *Westinghouse* was not to regard it as definitive, but as containing one important factor which the court should take into account when deciding whether to continue the injunctions.

*

That factor was that the U.S. order, if it took effect in London, would be in breach of a private interest between bank and customer, but it would also be a matter of public interest, because it might be of wider concern.

Mr Longmore said that public policy was not defeated by private law, and that it was not uncommon for confidentiality to be displaced in favour of a higher interest. He said the bank must do a "balancing act."

He relied on *British Steel* [1981] AC 1096 as showing there was a process of weighing. At page 1168 Lord Wilberforce said "the court may have to decide, in particular circumstances, that the interest in preserving confidence is outweighed by other interests."

If there were to be a "balancing act," it would have to involve an evaluation of the foreign court. The nature, scope and effect of the foreign order would have to be considered and analysed with care, because to allow a U.S. order to take over in the City of London would be to allow a fairly large cuckoo in the domestic nest.

The applications, being interlocutory, would be dealt with strictly in conformity with *American Cyanamid* [1975] AC 396, where it was held that injunction cases should be decided on a balance of convenience. The court was therefore concerned with a balance of convenience, and not the balancing act which Mr Longmore had in mind.

*

The balance of convenience was that, on the one hand, continuance of the injunction would impede the exercise by the U.S. court of powers which, by English standards would be regarded as excessive—without causing detriment to the bank.

On the other hand, refusal to continue the injunctions would potentially cause very considerable harm to the companies by suffering the bank to act, for its own purposes, in breach of its duty of confidentiality.

The balance of convenience was clearly in favour of the companies.

It was not a matter of conflict between jurisdictions. It was for the New York court to relieve the bank of the dilemma in which it had placed its own national by refraining from holding it in contempt if contempt proceedings were issued.

The injunction should be continued till further order.

For the first company: Peter Cresswell and Ali Malek (Simmons and Simmons).

For the second company: Peter Cresswell and Ali Malek (Lawrence Graham, Crane and Hawkins).

For the third company: Jonathan Hirst (Norton Rose Botterell and Roche).

For the bank: Andrew Longmore (Allen and Overy).

By Rachel Davies
Barrister

UK COMPANY NEWS

WHY BOOTS IS CLOSING ITS TIMOTHY WHITES CHAIN

Household name that had to go

BY DAVID CHURCHILL

BOOTS' decision to close its Timothy Whites retail chain is the first clear sign that the new management – headed by Dr Peter Main, who became chairman just over a year ago – is tackling Boots' retailing problems.

The basic problem has been Boots' failure to capitalise on its substantial retail strengths of a captive market (in its role as a pharmacy) and prime shop sites throughout Britain.

The result has been a profits plateau in recent years, in spite of steadily-rising retail sales that included some real volume growth.

Dr Main and his senior colleagues at Boots' Nottingham headquarters have spent several months looking at the retail problems of the company and devising new strategies for sales and profits growth. Extensive market research uncovered, among other things, the fact that for every £1 a shopper planned to spend in a Boots store, only 74p was actually spent. This was because tha customer could not find – or Boots did not stock – the other 26p worth of products sought.

The more Boots management looked at the results of such research, the less likely it appeared that the Timothy Whites chain bad a part to play in wbat Dr Main calls a "jazzed-up and revitalised Boots."

Timothy Whites was set up in 1848 by a 23-year-old of the same name in Portsea, Hampshire. The shops sold basic products such as oil and dry salt for domestic use – the early advertising slogan was "Everything for bealth, home and garden."

The sbops were merged with Taylors Drug Stores in the 1920s and the chain became a marketing mix of pharmaceuticals and houseware.

In 1968 Boots acquired the Timothy Whites chain of more than 600 shops for £34m, removing a competitor and gaining several valuable sites. It converted most of the chemist shops into Boots outlets, and kept the Timothy Whites name for selling household goods such as crockery and cutlery.

Over the 1970s a strategy developed for Timothy Whites to sell a range of kitchenware, small electrical appliances and other household goods.

The chain was only one-tenth of the size of the main chemist outlets and has always been profitable, but it never really took off in retailing terms. Increasingly, its image appeared too old-fashioned and its market limited.

And as Boots management tended to concentrate on the problems of tha mainstream retailing activities, Timothy Whites became the poor relation. Its better sites became Boots outlets, while it was forced to keep the smaller and less attractively-sited stores.

The decision to close Timothy Whites came, according to Dr Main, wben it became clear that "the shop-within-a-shop concept was going to become an important part of the revitalisation of our shops." This concept bas been developed by Boots to diversify its traditional pharmacy, cosmetics and toiletries sales into areas such as childreo's clothes and audio and video equipment.

The significance of this concept is thet once shoppers are attracted into a store (and Boots spends some £10m on advertising to do just that) it is much easier to persuade them to buy other products in related areas.

Smurfit closures add to paper sector rundown

BY MAURICE SAMUELSON

SMURFIT, part of the Irish-based Jefferson Smurfit group, yesterday became the fourth member of the British paper industry since the start of the year to announce a cut in capacity.

On May 1 it is to close its two speciality paper machines at the Alders Paper Mill, Tamworth, with the loss of 180 of the mill's 290 employees.

The move, which follows the recent closure of a small Smurfit mill at Oxford, marks the group's exit from the manufacture of speciality paper used for stationery.

It takes the number of redundancies in the UK paper and board industry since the beginning of 1983 to more than 2,000 close to last year's total.

Wiggins-Teape last week said it planned to shed 1,000 jobs at three sites, Thames Board is to close a Warrington mill employing 796, and another 100 jobs are to go at Trinity paper mills, owned by the Liverpool Daily Post and Echo newspaper group.

Legislation likely on 'cowboy' receivers

BY DAVID DODWELL

THE PROBLEM of "cowboy receivers" who move in to make rich pickings when a company becomes insolvent is soon likely to be the subject of a Bill in Parliament, according to Sir Kenneth Cork, author of a government report on insolvency.

"There are some unsuitable people in business as receivers," Sir Kenneth said. "This brings the system into discredit, though it has not yet become a problem on a major scale."

He said the Government had accepted in principle the recommendations of the Cork Report, which was submitted to the Department of Trade in March last year after almost four years of investigation. These were:

- A receiver must be someone qualified by examination, with one of the exams to be on insolvency law. He or she need not be a chartered accountant, but the professions of which he or she is a member must have a disciplinary body;
- There must be an insurance bond to cover the receiver's integrity;
- A receiver must have been in practice for five years with an appropriate recognised body.

A bill would also be likely to deal with powers to discipline directors putting companies into receivership, and with powers enabling an administrator to act quickly enough to save a company in difficulties.

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§108	F.P.	18/1	202	140	✠Baltic Leasing 5p	202	+2	b2.8	3.6	2.0	18.0
‖‖	F.P.	—	16	12	✠Booth (Charles) 5p	16	.....	—	—	—	—
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	.....	—	—	—	—
¶215	108p	22/4	84	45	Britoil 10p	45	.....	b9.9	1.8	8.8	8.9
§74	F.P.	21/1	158	103	✠Canvermoor	146	+1	b3.64	2.0	3.5	18.5
55	F.P.	7/1	133	98	✠GarfunkelsRest.10p	114	.....	b1.86	3.2	2.3	14.9
£17	F.P.	21/1	33	24	✠Inn Leisure 5p	33	.....	ud.42	3.7	1.8	16.5
§130	F.P.	14/1	190	155	✠Memory Comp Ir10p	183	−7	bQ2.5%	6.8	1.3	13.9
§190	F.P.	4/3	388	330	✠Microgen	350	−5	b4.0	2.9	1.6	28.9
§155	F.P.	7/1	268	200	✠Munford & White	225	.....	b2.8	2.4	1.6	35.5
‖	F.P.	—	177	149	✠NMW Computers	158	.....	g3.0	2.8	2.7	16.7
§93	F.P.	4/2	198	145	✠Resource Tech.10p	180	.....	—	—	—	34.6
§52½	F.P.	21/12	150	102	✠SlatersFoodProds10p	150	+7	b2.0	3.6	1.9	15.8
120	F.P.	—	125	105	✠Swindon Priv Hos £1	105	.....	—	—	—	—
§10½	F.P.	—	75	16	✠Tops Estates 10p	65	−10	—	—	—	—
§150	F.P.	18/2	340	255	✠WightCollins&R-s10p	278	−2	bd2.75	3.5	1.4	31.0
—	F.P.	3/3	25	22	Yorks & Lancs.W'rrnts	22	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	90	89	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	90	+1
97.804	£25	4/3	29½	18¾	EOC 12¼% Uns. Ln. 2012-17	17½	+⅜
99.481	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	12⅞	+⅝
¶	£10	24/3	11¼	11	East Surrey Water 7% Red. Pref. 1988	11	.....
¶¶	F.P.	—	130	86	European Inv. Bk. 11% Ln. 2002	87¼	+¼
—	—	—	99	99	Nationwide Bdg. Soc. 11⅞% Bds. 23/1/84	99	.....
§97.174	£25	6/5	24¼	22	Pearson (S) 13% Uns. Ln. 2007	23½	+¾
96.55	£25	8/7	25⅜	23¼	Sweden 13½% Ln. Stk. 2010	24¼	+¾
¶¶	F.P.	18/2	90	85	Transcont. 9% Cnv.Ret.Uns.Ln.Nts.198-	88	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date		1982/3 High	1982/3 Low	Stock	Closing price	+ or −
26	F.P.	28/1	18/2	348	94	Arlen Elec.	348	+28
90	F.P.	28/1	18/2	120	108	Bellway	120	+2
50	Nil	8/2	9/3	5pm	½pm	Cluff Oil "B"	½pm	.....
90	Nil	—	—	54pm	46pm	Grosvenor Group	46pm	−4
60	F.P.	14/1	11/2	78	35	ICL	75	.....
46	Nil	14/2	11/3	10pm	5pm	LCP	10pm	.....
27	Nil	—	—	8½pm	5pm	Mount Charlotte 10p	5pm	.....
93	Nil	7/2	21/3	24pm	15pm	NSS News 10p	20pm	+4
58	F.P.	3/2	29/4	66½	61	Stakis 10p	65½	+½
470	F.P.	11/1	11/2	600	523	Wolseley-Hughes	600	+15

Renunciation date usually last day for dealing free of stamp duty. Fr French Francs. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

MINING

Karonie shows promise

By Kenneth Marston

ENCOURAGING results are reported by Australia's Acorn Securities from its Karonie gold prospect, 100 kilometres east of Kalgoorlie in Western Australia. The exploratioo work is being carried out by Freeport of Australia which can thereby earn an interest of 75 per cent in the property.

Two mineralised zooes have been outlined by drilling so far and both remain open at each end and at depth. In the first zone, drilling has so far indicated just over 5m tonnes of mineralised rock with an average grade of 3.9 grammes per tonne

Althougb lying at shallow depth, it is below the supergene (an area of enrichment resulting from the percolatioo of water carrying particles of gold) which would add to the overall values for an open-pit mining operation.

However it is too early to make firm correlations of boreboles which would permit proper calculatioo of ore reserves and grades. Drill values obtained up to 19.1 grammes per tonne over 11 metres, starting at 55 metres.

Hanna plunges into the red

BY GEORGE MILLING-STANLEY

THE PROLONGED downturn in worldwide ecoomic activity, which has hit the steel industry especially hard, has had the expected impact on the results of Hanna Mining of the U.S.

The company, with interests io iron ore and nickel mining and energy, reported a net loss for both the fourth quarter and full year of 1982, and has cut its quarterly dividend from 35 cents (23p) a sbare to 10 cents. Hanna also forecast that the first quarter of this year would be unprofitable.

The net loss for the final three months of 1982 came out at $65.29m (£43m) or $6.85 a share, compared with profits of $4.2m or 47 cents a share in the corresponding period of 1981.

These figuges brought the net loss for the full year to $80.34m or $8.47 a share, against $44.02m or $4.94 a share.

The results were distorted by several extraordinary items, totalling almost $60m.

These included a debit of $35.2m from the closure of the Groveland open-pit iron ore oine in Micbigan, a larger than expected non-recurring loss from the discontinued mining operations at the Iron Ore Company of Canada mine at Schefferville in Quebec, a loss of $6.8m on the sale of investments and a write-down of $8.6m on nickel stocks.

The latest results also included an unrealised loss on foreign exchange of $8.8m, compared with a loss last time of $3.5m.

Mr Robert Anderson, chairman of Hanna, said the company was hopeful that the recent upturn in motor vebicle sales and construction activity would stimulate an economic recovery in the U.S.

He does not expect a profitable first quarter this year, bowever, in view of the depressed state of the steel industry.

Just about all of Hanna's businesses suffered last year. For example, the 27 per cent-owned Iron Ore Company of Canada lost $37.6m, compared with profits of $104m in 1981, while U.S. iron ore operations lost $5.1m against a profit of $4.6m.

Coal operations returned profits of $1.9m, compared with $2.3m io 1981. The 50 per cent-owned Colowyo Coal in Colorado contributed $9.5m to profits, against just $1.5m in 1981, but this gain was largely offset by losses on the eastern coal businesses.

Jimberlana in fund-raising

THE Australian gold producer Jimberlana Minerals has raised A$250,000 (£160,000) from a sbare placemeot and a further A$615,942 by an underwritten renounceable issue of sbares and linked options.

The money will be used partly to fund existing projects, including the 50 per ceot-owned Minador gold mine in South Africa, and the Mandor copper-zinc-silver-gold prospect in Indonesia, and for further acquisitions.

The placement of 1m shares was made at a price of 50 cents per share, against yesterday's closing level in London of 17p.

● Marinduque Mining and Industrial of the Philippines, which produces nickel and copper with cobalt, gold and silver as by-products, suffered a net loss of Pesos 1.5bo (£107m) in 1982, against a deficit of Pesos 900m in 1981.

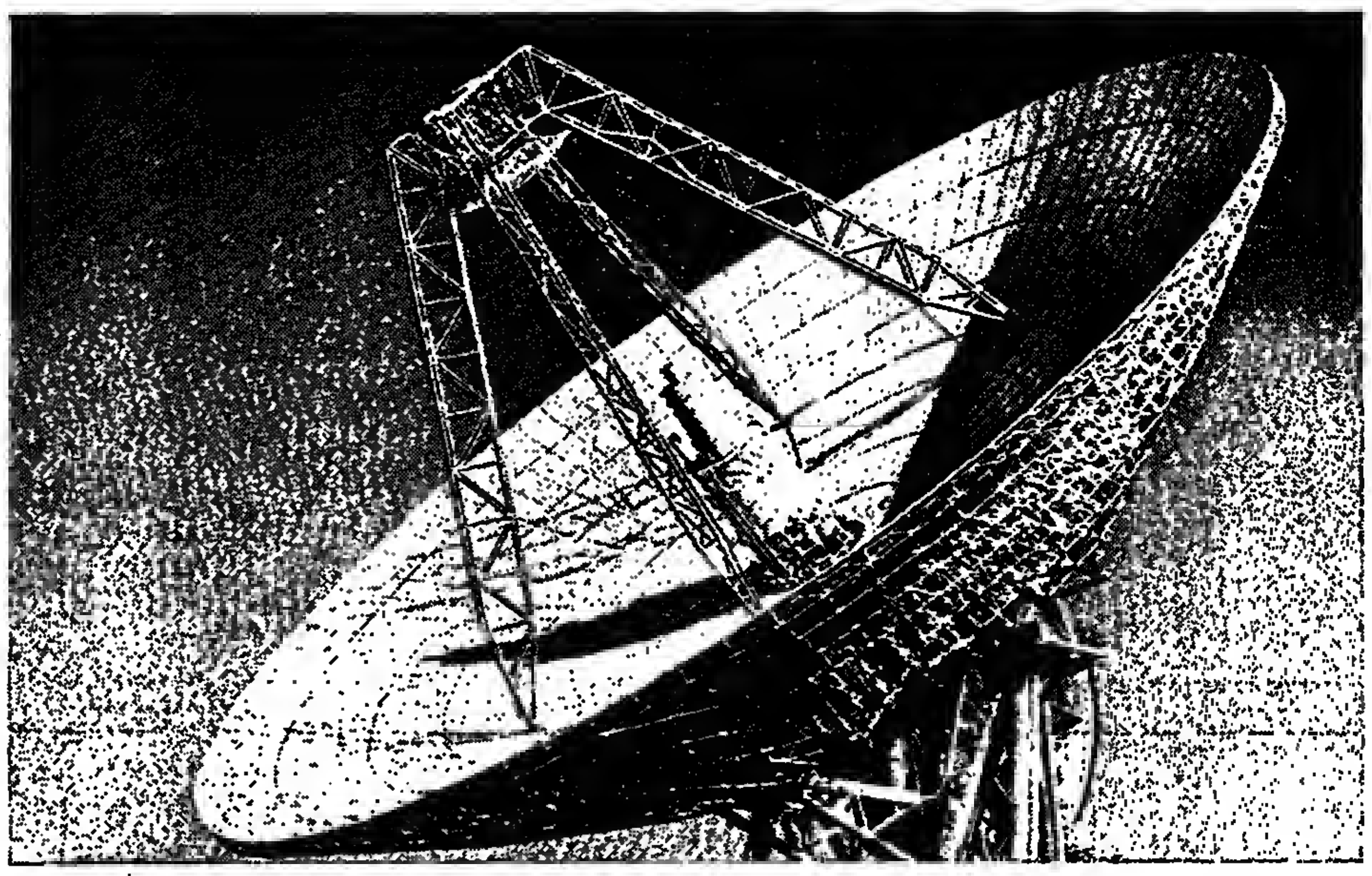
Leo Gonzaga reports from Manila that no details are available, but it is assumed that Marinduque's high level of debt and interest payments accounted for most of the loss.

Philex Miniog, another company in the Philippines, returned a net profit of Pesos 222m last year, up from Pesos 129m in 1981.

The company, a producer of copper, gold and silver, has a much lighter debt burdeo than Marinduque, and also benefits from the possessioo of the highest-grade ores in the country.

● A staking rush has developed in the King Bay sector of the Sturgeon Lake area of north-western Ontario following encouraging gold drilling results by Steep Rock Iron Mines.

While the interest aroused is nowhere near the enthusiasm generated by the bighly-promising Hemlo deposit, our Toronto correspondent reports that nearly 1,000 claims, covering about 40,000 acres, have been pegged.



AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs.

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd.

Anderson Unit Trust Managers Ltd.

Anthony Wieler Unit Tst. Mgnt. Ltd.

Arbuthnot Securities Ltd.

Archway Unit Tst. Mgs. Ltd.

Arkwright Management

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers

Britannia Gp. of Unit Trusts Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Cannon Fund Managers Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Fund Managers

Cent. Bd. of Fin. of Church of England

Charinco Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd

Confederation Funds Mgt. Ltd.

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd.

Crown Unit Trust Services Ltd.

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

Dunbar Unit Trust Managers Ltd.

Duncan Lawrie Fnd. Mgrs.

Edinburgh Fund Managers Ltd.

Equity & Law Un. Tr. M.

FF] & Target Fund Managers Ltd.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Robert Fraser Trust Mgt. Ltd.

Friends Prov. Trust Managers

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust

Gartmore Fund Managers

Govett (John)

Grieveson Mgmt.—Barrington Funds

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.

HK Unit Trust Managers Ltd.

Investment Bank of Ireland

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Fund Managers Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

MGM Unit Managers Ltd.

Mallinhall Limited

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group U.T. Mngrs. Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group

Oppenheimer Practical Fund Mngt Ltd

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Provincial Life Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt.

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Standard Life Trust Mgmt. Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Management Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd.

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts

Tyndall Managers Ltd.

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series			Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sept. Vol.	Sept. Last	Stock
O.FL	C	F.270	8	5	—	—	—	—	F.270.70
O.FL	C	F.275	2	2	—	—	—	—	"
O.FL	P	F.260	7	8.50	11	8.70	—	—	"
O.FL	P	F.265	4	4	—	—	—	—	"
O.FL	P	F.870	—	—	1	18	—	—	"
			Feb.		May		Aug.		
GOLD	C	$350	—	—	8	178	—	—	$504
GOLD	C	$400	8	170	14	723	—	—	"
GOLD	C	$425	6	83	3	97	—	—	"
GOLD	C	$450	25	57 B	18	74	—	—	"
GOLD	C	$475	66	32 A	41	52	5	78	"
GOLD	C	$500	2	17 A	124	46	13	68	"
GOLD	C	$550	54	3	117	23	—	—	"
GOLD	P	$375	71	0.10	36	1.20	—	—	"
GOLD	P	$400	—	—	25	2	10	4	"
GOLD	P	$425	—	—	—	—	10	7	"
GOLD	P	$450	110	1	10	7	10	13	"
GOLD	P	$475	110	2	22	17	50	84	"
GOLD	P	$500	5	10.10 B	16	23	1	34	"
GOLD	P	$550	—	—	1	32 B	—	—	"
12¾ NL 81 87-81									
	C	F.187.50	—	—	100	5	38	5.50	F.132.50
	C	F.135	167	0.60	10	2.6	14	3.50	"
	C	F.140	—	—	215	0.70	28	1.70	"
	P	F.130	10	0.70	100	3.30	104	3.6	"
10¾ NL 80 86.25									
	C	F.110	20	3.40	—	—	—	—	F.113.70
	C	F.112.50	5	1.20	—	—	—	—	"
	C	F.117.50	—	—	50	1	—	—	"
11½ NL 82 88.92									
	C	F.115	30	1.40	3	2.50	—	—	F.113
	C	F.117.50	48	0.40	—	—	—	—	"
10 NL 82-11 88 82									
	C	F.107.50	—	—	103	4.50	—	—	F.111.60
	C	F.110	—	—	—	—	5	3.10	"
	C	F.172.50	—	—	400	1.10 B	—	—	"
7¾ NL 82 89 03									
	C	F.100	10	1	—	—	—	—	F.100.30
	C	F.102.50	—	—	5	1	—	—	"
	P	F.102.50	—	—	200	3	—	—	"
7½ NL 83 87-88									
	C	F.102.50	—	—	45	0.60	—	—	F.99.80
	P	F.100	—	—	1084	1.60	—	—	"
			April		July		Oct.		
AKZO	C	F.35	100	5.80	78	6.50	117	5.20	F.40.30
AKZO	C	F.40	85	2.90	68	4.60	—	—	"
AMRO	C	F.43	87	1.60	—	—	—	—	F.40
AMRO	C	F.50	—	—	42	1.50 A	—	—	"
AMRO	P	F.40	28	2.20	—	—	—	—	"
AMRO	P	F.45	30	4.80	—	—	—	—	"
GIST	C	F.130	162	8	—	—	—	—	F.132.80
GIST	C	F.140	601	4.80	—	—	—	—	"
HOOG	C	F.17.50	—	—	20	1.70	—	—	F.16.60
HOOG	P	F.15	88	0.70	—	—	—	—	"
KLM	C	F.140	43	13.50	36	12.50	—	—	F.145
KLM	C	F.150	317	10	—	—	—	—	"
KLM	C	F.160	216	6.50	35	10.60	—	—	"
KLM	P	F.100	24	1.70	—	—	—	—	"
KLM	P	F.110	123	3	38	6	—	—	"
KLM	P	F.180	160	4.40	—	—	—	—	"
KLM	P	F.150	313	6.90	51	12	—	—	"
KLM	P	F.140	318	11	—	—	—	—	"
KLM	P	F.150	56	16	—	—	—	—	"
KLM	P	F.160	22	82	—	—	—	—	"
NEDL	P	F.90	—	—	—	—	106	9	F91
NEDL	P	F.100	133	10	—	—	—	—	"
PHIL	C	F.25	44	8.10	—	—	—	—	F.53.20
PHIL	C	F.27.50	127	5.80	47	3.80	—	—	"
PHIL	C	F.30	300	3.30	266	4	302	5	"
PHIL	C	F.32.50	278	2	145	2	83	3	"
PHIL	P	F.27.50	60	0.40	—	—	—	—	"
PHIL	P	F.30	155	0.80	22	1.50	3	1.90	"
PHIL	P	F.32.50	33	1.60	4	2.60	—	—	"
RO	C	F.80	50	14.50	—	—	—	—	F.93.40
RO	C	F.90	60	6.50	9	8	8	9.10	"
RO	C	F.100	92	2.30	23	5.20	8	3.10	"
RO	P	F.90	154	2.40	128	4	—	—	"
RO	P	F.100	36	8	10	9.80	—	—	"
			Feb.		May		Aug.		
MANN	C	DM.150	36	0.60	—	—	—	—	DM142.50
SIEM	C	DM.240	—	—	25	22.50	8	25	DM.31

TOTAL VOLUME IN CONTRACTS 9,605

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 310)	260	56	—	—	3	—	—
"	280	38	—	—	2	—	—
"	300	22	30	40	20	24	30
"	330	5	14	22	38	43	50
"	360	3	3	—	64	66	—
CGF (USP 552)	420	135	140	—	3	3	—
"	460	95	105	—	7	13	—
"	500	62	80	90	20	27	32
"	550	37	50	60	40	44	54
CTD (USP 86)	70	12	21	23	2	8½	3½
"	80	10	13	15	3½	5	7
"	90	4	—	—	7	—	—
CUA (USP 147)	120	29	31	—	2	4	—
"	130	20	24	—	4	3	—
"	140	13	17	20	9	12	14
"	160	3	8	11	22	83	25
GEC (USP 200)	180	30	57	45	5	8	10
"	197	15	—	—	11	—	—
"	200	—	23	32	—	18	20
"	217	8	—	—	20	—	—
"	220	—	10	—	—	24	—
"	237	3	—	—	39	—	—
"	240	—	7	—	—	44	—
"	260	2	5	—	38	38	—
CMH (USP 344)	240	105	—	—	1	—	—
"	260	85	—	—	8	—	—
"	280	65	72	—	3	4	—
"	300	45	53	—	4	6	—
"	330	85	32	38	11	14	17
"	660	9	18	24	27	61	34
ICI (USP 380)	280	114	—	—	8	—	—
"	300	24	102	—	2	3	—
"	330	64	78	—	4	5	—
"	360	38	46	52	10	15	18
"	390	20	38	40	28	23	32
"	420	9	16	26	44	48	52
LS (USP 294)	240	57	—	—	2	—	—
"	260	37	43	45	4	7	10
"	280	32	28	58	6	13	77
"	300	9	14	—	17	21	—
M & S (USP 214)	130	37	—	—	1½	—	—
"	180	57	42	47	2	4	6
"	200	25	31	37	3	10	13
"	820	12	17	24	13	18	21
"	240	4	8	—	31	34	—
GHL (USP 410)	360	52	—	—	—	—	—
"	380	26	36	44	13	13	20
"	420	14	20	30	30	36	40
"	460	7	11	—	66	68	—

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BBL (USP 441)	350	—	—	—	1	—	—
"	360	88	67	87	1	5	10
"	583	—	—	—	2	—	—
"	390	52	57	87	2	10	17
"	420	20	35	45	4	22	28
IMP (USP 128)	90	32	32	—	0½	1	—
"	100	22	29	—	0½	1	—
"	110	18	19	22	1	2	3
"	120	10	13	13	3	3	8
"	130	3½	8	10	7	12	13
LMO (USP 287)	260	15	37	60	8	18	25
"	280	3	27	37	20	25	37
"	300	2	13	25	37	43	92
"	360	2	8	16	67	70	77
"	530	2	3	—	27	27	—
"	320	2	2	—	127	127	—
LNR (USP 98)	60	38	—	—	0¼	—	—
"	70	29	—	—	1	—	—
"	80	19	20	22	1	2½	3
"	20	9½	11½	14	1	6	7
"	100	3	3	8	3	12	13
P & O (USP 118)	100	12	24	23	1	2	3
"	110	2	13	12	1½	3	8
"	120	3	10	13	4	2	15
"	130	1	3	2	14	17	24
"	140	1	3	—	24	26	—
"	130	0½	1	—	43	46	—
RCL (USP 477)	390	82	—	—	1	—	—
"	420	30	—	—	2	—	—
"	460	24	46	38	6	15	24
"	500	4	23	37	25	30	35
"	860	2	12	20	75	75	80
"	600	2	3	9	126	125	130
"	350	1	2	—	175	176	—
RTZ (USP 544)	530	217	—	—	—	—	—
"	360	187	—	—	1	—	—
"	390	157	160	—	1	1	2
"	480	127	150	160	1	2	8
"	460	87	97	103	1	6	14
"	500	47	70	77	4	20	30
"	550	2	40	47	17	42	47
VRF (USP3118)	40	2	—	—	0½	—	—
"	45	2	—	—	0½	—	—
"	50	66½	—	—	0½	1	—
"	55	61½	—	—	0½	1	—
"	60	33½	56½	—	0½	1	—
"	70	43½	46½	47	0½	1	—
"	80	33½	36½	37	0½	1¼	—
"	90	26½	23½	27½	0¾	2	3¼
"	100	16½	19½	23	0¾	5½	7½
"	110	7½	14	19	1½	10	12
"	120	2½	10	15½	7	16	17

Feb. 3 Total Contracts 3,152 Calls 2,771 Puts 381

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Anet Builder'	59 9	63 1	+0.2	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr. Feb. 1.	55.2	58 8	.....	—
MM Flexible Feb. 1	47 2	49.8	.....	—
Fixed Interest Feb. 1.	51.6	54.4	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	202.6	208.6	...	—
Fixed Interest	146.7	147.4	.....	—
Property	158 3	163 0	.	—
Deposit	137.2	137.2	...	—
Mixed	173.6	177.4	.	—
Indexed Stk	113.3	114.0	.....	—

London Life Managed Funds Ltd.

Equity (P.)	145.1	150.1	...	—
Fixed Int. (P.)	145.9	146 9	...	—
Property (P.)	115.9	119 9	.....	—
Deposit (P.)	114.5	114.5	.....	—
Mixed (P.)	137.4	140.9	...	—
Indexed Stock (P.)	119.5	120.3	...	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	257.2	—	.....	8.1
Invest. Tst. Fd. Acc.	264.9	—	.....	—
Property Fund Cap.	116.3	—	.....	3.2
Property Fund Acc.	119.7	—	.....	—
Flexible Fund Cap.	169.3	—	+0.5	2.5
Flexible Fund Acc.	174.2	—	+0.6	—
Fixed Int. Fd. Cap.	129.2	—	+0.3	—
Fixed Int. Fd. Acc.	133.3	—	+0.4	—
Gtd. Deposit Fd. Cap.	136.9	—	+0.1	—
Gtd. Deposit Fd. Acc.	140.1	—	+0.1	—
Equity Fund Cap.	133.1	—	+0.2	—
Equity Fund Acc.	134.7	—	+0.3	—
International Fd. Cap.	128.9	—	+0.1	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		281 1	.....	—
Property Fund (A)		274 0		—
Agricultural Fund		1049 9	.....	—
Agric. Fund (A)		1024 4	.....	—
Abbey Nat. Fund		222.4	.	—
Abbey Nat. Fd. (A)		221.6	.....	—
Investment Fund		123.6	.....	—
Investment Fund (A)		122.0		—
Equity Fund		371.1	+4.0	—
Equity Fund (A)		365.1	+4.0	—
Money Fund		205 0	..	—
Money Fund (A)		201.6	...	—
Actuarial Fund		195.5		—
Gilt-edged Fund		174 4	+1.5	—
Gilt-Edged Fd. (A)		172 9	..	—
Retirmt Annuity		340.8		—
Immed. Ann'ty		194.0	..	—
International Fd.		223.0	+2.0	—

Prop. Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	225 1	237.0	...	—
Inv. Fd. Uts.		260 4	..	—
Pension Fd. Uts.		236.0	.....	—
Conv. Pens. Fd		265 7	.....	—
Cnv. Pns. Cap. Ut.		203.7	...	—
Man. Pens. Fd.		289.0		—
Man. Pens. Cap. Ut.		230.6	.....	—
Prop. Pens. Fd.		365.3	..	—
Prop. Pens. Cap. Uts.		206.0	.....	—
Bldg. Soc. Pen. Ut.		234.3	...	—
Bldg. Soc. Cap. Ut.		185.8	...	—
Gilts Pens. Fd.		150.T	+1.6	—
Gilts Pens. Fd. Cap.		136.2	+1.5	—
Equity Pens. Fd.		215.6	+0.8	—
Equity Pens. Fd. Cap.		193.5	+0.6	—

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	91.2	98.4	.....	—
Fixed Interest Acc.	82.9	87.3	.....	—
Intnl. Acc.	76 0	80.2	..	—

OFFSHORE AND OVERSEAS

Chinese Fund	73.4	76.4	.....	1 70
Precious Metal Fund	148.6	154.5	.....	8 30
Yangaard Cmdy. Fd.	44 1	45.2	...	2.36
Financial Futures Fd.	134.0	139 4	.....	—
Wren Intl. Fnd *	50 928	0 967	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

AMERICAN QUARTERLY RESULTS

ALASKA AIRLINES

Fourth quarter	1982 $	1981 $
Revenue	53.5m	42.6m
Net profits	363,000	721,000
Net per share	0.04	0.05
Year		
Revenue	234.5m	182.0m
Net profits	10.57m	7.67m
Net per share	1.26	1.08

ALCO STANDARD

First quarter	1982-83 $	1981-82 $
Revenue	687.2m	710.2m
Net profits	9.15m	13.04m
Net per share	0.46	0.63

AMERICAN PETROFINA

Fourth quarter	1982 $	1981 $
Revenue	530.3m	531.2m
Net profits	14.84m	16.99m
Net per share	1.37	1.58
Year		
Revenue	2.25bn	2.52bn
Net profits	54.40m	74.14m
Net per share	5.03	0.88

CENTEX

Third quarter	1982-83 $	1981-82 $
Revenue	244.4m	249.7m
Net profits	9.22m	6.59m
Net per share	0.70	0.50
Nine months		
Revenue	715.4m	808.4m
Net profits	25.49m	21.89m
Net per share	1.94	1.66

CONE MILLS

Fourth quarter	1982 $	1981 $
Revenue	146.1m	152.0m
Net profits	2.64m	8.07m
Net per share	0.49	1.41
Year		
Revenue	608.2m	667.5m
Net profits	12.81m	33.72m
Net per share	2.32	5.87

EMERSON ELECTRIC

First quarter	1982-83 $	1981-82 $
Revenue	811.4m	842.0m
Net profits	72.51m	71.85m
Net per share	1.06	1.04

ENTEX INC.

Second quarter	1982-83 $	1981-82 $
Revenue	357.9m	304.2m
Net profits	13.83m	7.86m
Net per share	0.64	0.37
Six months		
Revenue	610.1m	535.3m
Net profits	23.12m	13.45m
Net per share	1.08	0.64

FORT HOWARD PAPER

Fourth quarter	1982 $	1981 $
Revenue	129.4m	114.8m
Net profits	23.26m	20.52m
Net per share	0.87	0.76
Year		
Revenue	537.0m	471.3m
Net profits	92.40m	83.05m
Net per share	3.43	3.06

KNIGHT-RIDDER

Fourth quarter	1982 $	1981 $
Revenue	363.9m	391.6m
Net profits	36.15m	29.31m
Net per share	1.09	0.90
Year		
Revenue	1.33bn	1.24bn
Net profits	102.9m	100.4m
Net per share	3.14	3.09

RAYMOND INTERNATIONAL

Fourth quarter	1982 $	1981 $
Revenue	454.0m	399.9m
Net profits	3.2m	4.79m
Net per share	0.48	0.80
Year		
Revenue	1.62bn	1.09bn
Net profits	12.1m	15.86m
Net per share	1.92	2.66

A. H. ROBINS CO.

Fourth quarter	1982 $	1981 $
Revenue	130.8m	118.7m
Net profits	13.76m	10.88m
Net per share	0.56	0.44
Year		
Revenue	482.3m	450.9m
Net profits	48.69m	44.23m
Net per share	1.98	1.77

ROYAL TRUSTCO

Year	1982 C$	1981 C$
Revenue	— —	— —
Net profits	43.6m	39.4m
Net per share	1.97	1.82

SCOVILL INC.

Fourth quarter	1982 $	1981 $
Revenue	169.2m	190.0m
Net profits	6.05m	4.96m
Net per share	0.64	0.53
Year		
Revenue	691.4m	817.9m
Net profits	15.22m	29.98m
Net per share	1.60	3.18

SHELL CANADA

Fourth quarter	1982 C$	1981 C$
Revenue	— —	— —
Net profits	19.0m	26.0m
Net per share	0.14	0.20
Year		
Revenue	— —	— —
Net profits	133.0m	236.0m
Net per share	1.09	2.12

SOUTH. NEW ENG. TELE.

Fourth quarter	1982 $	1981 $
Revenue	281.7m	260.3m
Net profits	24.2m	28.1m
Net per share	1.59	1.96
Year		
Revenue	1.08bn	1bn
Net profits	91.8m	109m
Net per share	6.12	7.68

PITTSTON

Fourth quarter	1982 $	1981 $
Revenue	592.8m	637.4m
Net profits	†35.5m	27m
Net per share	†0.95	0.72
Year		
Revenue	2.42bn	2.22bn
Net profits	†11.7m	42.8m
Net per share	†0.31	1.13

† Loss

PHILLIPS PETROLEUM

Fourth quarter	1982 $	1981 $
Revenue	4.06bn	4.09bn
Net profits	154.6m	186.5m
Net per share	1.01	1.23
Year		
Revenue	15.89bn	16.2bn
Net profits	645.9m	879.4m
Net per share	4.23	5.78

USF & G

Fourth quarter	1982 $	1981 $
Revenue	591.8m	604.6m
Net profits	40.69m	38.95m
Net per share	1.42	1.38
Year		
Revenue	2.30bn	2.33bn
Net profits	114.1m	164.5m
Net per share	3.96	5.84

U.S. TOBACCO

Fourth quarter	1982 $	1981 $
Revenue	86.0m	75.2m
Net profits	15.12m	10.99m
Net per share	0.53	0.40
Year		
Revenue	320.5m	280.2m
Net profits	55.34m	43.01m
Net per share	2.01	1.57

ZAPATA CORPORATION

First quarter	1982-83 $	1981-82 $
Revenue	128.1m	121.3m
Net profits	20.86m	22.69m
Net per share	1.08	1.06

INTERNATIONAL CAPITAL MARKETS

$500m EIGHT-YEAR LOAN

Korea accepts tougher terms

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SOUTH KOREA has accepted markedly tougher terms on its latest international borrowing, a $500m eight-year syndicated loan mandated yesterday by the Korea Exchange Bank (KEB).

The loan is to be divided into two tranches, each of $250m. One of these is priced at a margin of ⅞ per cent over London Eurodollar rates, and the other at 0.2 per cent over U.S. prime rate. Repayment of both tranches begins after a four-year grace period.

As late as last autumn another large Korean borrower, the Korea Development Bank (KDB) raised an eight-year loan of $300m with a $200m tranche carrying a margin of ⅞ per cent over Libor and a $100m tranche at 0.2 per cent over U.S. prime rate.

This was already an increase on the margins Korean borrowers had been previously paying. With the new KEB loan the Libor margin has moved even higher, while the more expensive prime-based tranche accounts for fully half the total borrowing instead of one third as was the case with KDB.

Front-end fees on the credit are unchanged at ¾ per cent on the Libor tranche and ⅝ per cent on the prime-tranche, but the "prime-cap" has been increased slightly to 130 basis points from 125 points for KDB. The prime-cap is the limit to which the Certificate of Deposit rate can fall below prime rate before it is used as the reference rate for the borrowing instead of prime. It thus represents a minimum guaranteed profit margin for lending banks.

Korean government officials are understood to have balked initially at the terms on the Korea Exchange Bank loan when they were first proposed last week by a group of banks comprising BA Asia, Bank of Tokyo, Chase Manhattan, First Chicago, Lloyds Bank International, Manufacturers Hanover, Morgan Guaranty and Orion Royal Pacific.

That Korea has now accepted the terms underlines a growing recognition that terms for Far Eastern borrowers are hardening in the Eurocredit market. In this context, the Asian market is now keenly awaiting conditions on another large loan expected soon for India's Oil and Natural Gas Corporation, which has traditionally been a very fine margin borrower.

But Taiwan Power Corporation has managed to retain a ⅜ per cent margin on a 10-year $100m loan it is arranging through Banque Nationale de Paris.

$200m floating rate note for Spain

BY PETER MONTAGNON IN LONDON

SPAIN is tapping the floating rate note market for the first time with a 10-year, $200m issue led by Lehman Brothers Kuhn Loeb.

The launch of the issue yesterday comes at a time when it is extremely hard to price large Eurocredits for sovereign borrowers.

Spain which has been expected to float a Eurocredit shortly has apparently decided to follow the route recently taken by Sweden and to opt for a floating rate note instead.

The issue bears a margin of ¼ per cent over six months London interbank offered rate and there is an additional sweetener for investors who may redeem their notes at par after five years and again after seven.

Bankers yesterday said it was hard to calculate whether a floating rate note issue for a country such as Spain was cheaper for the borrower than a conventional Eurocredit. The margin is lower than Spain would pay to the credit market but fees in the floating rate note market are much higher.

One advantage for Spain is that the floating rate note issue will allow it to tap new sources of finance. The redemption option after five years should make the issue attractive to central banks, which prefer to hold shorter term paper.

Yet the issue was yesterday quoted in the unofficial market at a discount of 1.4 points from its par issue price. This is outside the 1.1 per cent selling concession and suggests that the notes were moving relatively slowly. Lehman Brothers would not, however, confirm the unofficially quoted price.

Elsewhere, the eurobond market was generally quiet with fixed-rate dollar bonds little changed as dealers await the outcome of this week's U.S. Treasury financing operation

Northern Telecom of the U.S. has launched a $50m, 15 year convertible issue through Morgan Stanley. The bonds bear an indicated coupon of 7 per cent and conversion premium of 15 per cent.

South Africa's steel concern, Iscor, has launched a DM 100m five year 9 per cent bond issue at par through West LB, while the Province of Manitoba is raising SwFr 100m through a 10 year bond with an indicated yield of 5¼ per cent and led by UBS.

WEEKLY U.S. BOND YIELDS (%)

	Febr. 2	Jan 26	1982-83 High	1982-83 Low
Composite Corp. AAA	11.68	11.60	15.18	10.33
Composite Corp. AA	11.98	11.81	15.63	11.18
Government:				
Long-term	10.93	10.87	14.32	10.18
Intermediate	10.41	10.26	14.56	8.91
Short-term	9.79	9.61	14.57	9.23
Municipal	N/A	9.89	13.34	9.18
Industrials AAA	11.46	11.39	14.76	10.55
Industrials AA	11.83	11.62	15.13	10.46
Utilities AAA	11.90	11.81	15.59	11.11
Utilities AA	12.13	12.00	16.13	11.39
Preferred Stocks	11.17	11.15	13.35	10.71

Source: Standard & Poor's

S & P cuts Alexander rating

By Our New York Staff

STANDARD AND POOR'S, the U.S. rating agency, yesterday lowered the rating on Alexander and Alexander Services' commercial paper citing, among other reasons, the insurance broker's continuing problems after last year's acquisition of the Alexander Howden Group of the UK.

S & P said it was lowering the company's commercial paper rating from A-1 plus to A-1.

The agency said that the aquisition of the Alexander Howden Group by the second largest insurance broker in the world had resulted in lower tangible net worth and a higher level of total debt.

Last month Alexander and Alexander cut its quarterly dividend by nearly 50 per cent after reporting a $38.4m loss in the third quarter including a $40m charge covering a reduction in the value of Howden. Alexander and Alexander reported a $5.1m loss for the first nine months compared with a profit of $42m in the 1981 period.

S & P also cited for its decision pressure on margins caused by the soft insurance market which adversely affected commission revenues at a time when expenses continue to grow at a faster rate.

The agency added that the dividend reduction, from 48.5 cents to 25 cents a share should help retain cash. However, S & P said a next term return to the previous level of profitability is unlikely.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for February 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/87	150	108⅝	109⅛	-0⅛	-0⅛	11.43
Amex O/S Fin 14¼ 89	75	109	109½	+0⅛	-0⅛	12.07
Amro Bank 13 89	200	104⅛	104⅝	-0⅛	-1⅛	11.99
BHP Finance 14⅜ 89	150	105⅞	106⅛	-0⅛	1	13.24
Bk Montreal 14½ 87	100	106⅞	107⅜	-0¼	-0½	12.22
British Col Hyd 14⅜ 89	200	109⅝	110⅛	-0⅛	-0⅝	12.35
British Col Hyd 15¼ 92	150	113⅞	114⅜	0	-0½	12.57
Canada 14⅜ 87	750	110	110½	-0¼	+0⅝	11.23
Canadair Ltd 12½ 89	175	103¼	103¾	-0⅜	-0¾	11.70
Canadian Wheat 11¼ 90	50	98⅛	98⅝	-0⅛	0	11.56
Can Pac Ltd 14⅝ 92	75	107½	108	0	-0½	13.18
Can Pac Sec 15 89	75	107½	108	-1⅝	-1	13.11
Citicorp O/S 15 84/92	100	104	104½	-0⅛	-0½	10.91
Coca Cola Int 11¾ 89	100	105	105½	-0⅛	-0⅝	10.58
Credit Suisse 10½ 89	100	99⅝	100	0	+0⅛	10.54
Deutsche Bk Fin 14⅛ 89	300	108⅝	109⅛	0	-0⅜	12.13
Du Pont 11⅛ 95	150	98⅜	98⅞	-0⅛	-0⅝	11.48
Du Pont 14½ 89 WW	200	107	107½	-0½	0	12.40
E.D.C. 10⅞ 96	100	98⅛	98⅝	-0⅛	-0¼	11.15
E.D.F. 12¾ 87	150	102⅜	102⅞	-0⅛	-0⅝	11.95
E E C 11½ 95	200	96½	97	0	-0¼	12.02
E.I.B 15½ 92	100	116⅝	117⅛	-0⅛	-0½	13.41
Exp Dev Corp 11⅞ 07	100	101⅛	101⅝	-0⅛	-0¼	11.33
Forsmarks 13⅝ 07	75	102⅜	102⅞	0	0	13.22
Gaz de France 12¼ 93	175	[illegible]	[illegible]	-0⅜	-0⅜	12.52
Gen Elec Credit 12 89	100	104⅝	105⅛	-0⅛	-1	10.00
Getty Oil Int 14 89	125	105⅝	107⅛	-0⅛	-0⅝	12.32
GMAC O/S Fin 10⅞ 90	200	98⅛	98⅝	-0⅛	-0⅛	11.25
GMAC O/S Fin 15 87	100	108⅝	108⅞	-0⅜	-0⅜	12.24
GMAC O/S Fin 15 89	125	111	111½	0	+0⅜	12.29
Gulf Oil Fin 12⅛ 07	100	103⅞	104⅜	-0¼	-0¼	11.83
IBM World Trade 12⅜ 82	200	105⅝	105⅞	-0⅛	-1	10.59
Lloyds Euro 11½ 94	100	[illegible]	[illegible]	-0⅛	-0⅜	11.75
Manitoba Prov 11¾ 89	125	102⅜	102⅞	-0⅛	-1	11.16
Manitoba Prov 13⅜ 89	100	108	108½	-0⅛	-0½	11.85
Midland Int Fin 11½ 92	150	98⅛	98⅝	-0⅛	-0⅜	11.77
Nat West Fin 11⅜ 92	150	99⅝	100⅛	-0⅛	-0⅝	11.76
New Brunswick 15¼ 07	75	110¾	111¼	0	-0⅜	11.89
Newfoundland 16½ 90	75	109½	110	0	-1⅛	13.32
Nova Scotia Prv 16¼ 89	75	112⅜	112⅞	-0⅛	-0¾	12.27
Ontario Hydro 11⅛ 90	200	100⅝	101⅛	0	-0⅛	11.05
Ontario Hydro 12⅜ 92	200	104	104½	-0⅛	-0⅜	11.96
Ontario Hydro 15 92	150	113⅝	114⅛	-0⅛	-1	12.37
Prudential O/S 12⅜ 07	100	104⅝	105⅛	0	-0½	11.32
Quebec Hydro 11½ 92	100	98	98½	+0¼	0	11.79
R. J. Reynolds 12⅜ 89	100	104¼	104¾	-0⅛	-0⅝	11.78
Saskatchewan Prov 15 92	150	112½	113	-0⅛	-0⅝	12.59
Shell Canada 14⅜ 92	125	106½	107	-0⅛	0	13.04
Superior O/S Fin 14 89	125	107	107½	+0⅛	-0⅜	12.25
Swed Exp Credit 14⅛ 90	100	106⅛	106⅝	0	-0½	13.29
Swiss Bk Corp 10⅛ 90	125	99	99½	+0⅛	-1	10.48
U B S 10⅜ 87	200	101½	102	0	-0½	10.24
U.B.S. 11 89	150	101½	102	-0⅛	+0⅛	10.81
Walt Disney Pro 12⅛ 86	75	102⅞	103⅜	-0⅛	-0½	11.74
World Bank 10⅞ 90	200	97	97½	-0½	-0⅜	11.46
World Bank 11⅛ 98	100	95¼	95¾	-0½	-1⅝	11.77
World Bank 13⅛ 07	300	104⅞	105⅜	-0½	-0⅛	11.71

Av. price changes: on day ⅛, on week ⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100	100½	-0⅛	-0⅜	8.21
Asian Dev Bank 8¼ 92	150	98¾	99¼	-0⅛	-0⅜	8.48
Australia 8⅞ 93	200	98	98½	-0⅜	0	7.12
Australia 7⅜ 92	200	101¾	102¼	-0⅜	-0⅜	7.45
Bayer Capital 7⅝ 89	150	100½	101	-0⅜	-0⅝	7.47
Beecham Fin 8⅛ 92	125	100⅝	101⅛	+0¼	-0½	7.96
Black & Decker 8⅛ 89	100	104	104½	-0¼	-0½	8.22
Caisse Nat Energie 8 93	100	98⅞	99⅜	-0½	-0⅝	8.13
E C S.C. 7½ 93	150	97½	98	-0⅝	-0½	7.03
E.C.S.C 8 94	200	99⅝	100⅛	0	-0½	8.01
E.E.C 8 94	200	99½	100	-0⅛	-0⅜	8.03
E.I.B. 8¼ 92	200	100⅜	100⅞	-0⅛	-0⅛	8.14
GKN 8⅜ 89	100	98⅛	98⅝	-0¼	-0½	8.89
Gould Int Fin 8⅛ 89	75	100½	101	-0⅛	-0¼	8.09
Int-Am Dev Bk 8¼ 93	150	99	99½	-0⅛	-0¼	8.36
Ireland 8⅞ 91	150	99⅜	99⅞	-0⅛	-0⅜	8.84
ITT Antilles 9⅛ 92	100	105¼	107	-0⅜	-0⅛	8.21
McDonalds Fin 7⅛ 92	100	99⅜	99⅞	-0⅜	-0⅛	7.18
Mitsubishi Heavy 7⅝ 87	150	99⅝	100⅛	0	-0½	7.65
Norsk Hydro 8 92	100	104⅝	105⅛	-0½	-0¼	8.21
O.K.B 8⅛ 88	100	101⅞	102⅜	-0⅛	-0¾	8.48
Sweden Kingdom 8¼ 89	150	100⅛	100⅝	-0¼	-0½	8.14
World Bank 8⅛ 92	200	100⅜	100⅞	0	-0⅛	8.15
World Bank 8 02	200	104⅛	104⅝	-0⅛	0	0.29

Av. price changes: on day -⅛, on week ⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
S F C E 8¼ 92	100	101	101⅛	-0½	-1⅛	6.89
Bowater Int Fin 8 92	100	103	103⅛	-0½	[illegible]	5.68
Chugoku Ele Pow 6¼ 91	100	102½	102¾	-0⅛	-0½	0.70
City of Oslo 8¼ 92	100	105⅛	105½	-0¼	-1⅛	5.52
E.E.C. 6⅞ 92	100	103¾	104	-0⅛	-0¼	5.71
Europarat 6¾ 92	100	103	103⅛	-1	-1⅜	8.20
First Interstate 6 92	100	103⅛	103⅝	-0⅛	-0⅜	5.53
Gaz de France 8 93	100	107	107¼	-0½	-1⅛	5.71
Japan Air Lines 8 94	100	103⅞	103⅝	-0⅛	-0⅛	6.50
Japan Dev Bk 5¼ 92	100	101⅛	101½	-0¼	-0⅛	5.97
KLM Dutch Air 8⅛ 92	80	102¾	103	-0⅛	-1½	6.85
Kyushu Elec Power 0 92	100†	101¾	102	-0⅛	-0½	5.74
Montreal Urban 8½ 82	100	105½	105¾	-0⅛	0	6.73
New Zealand 5⅛ 92	100	101¾	102	-0⅛	-0½	5.08
Nippon Express Co 0 03	50	101⅛	102	-0⅛	-0¼	5.75
Nippon Kokan 5⅜ 03	100	99¼	99½	-0⅛	-0⅛	5.71
Nisshin Steel Co 6⅜ 82	100	102	102¼	-0⅛	-0½	0.08
O.K.G 8¾ 93	60	100¾	101	-0½	-0⅛	0.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.18
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.58
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.47

Av. price changes: on day [illegible], on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	7.77
E I B 8⅞ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 7⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅜ 87	15	104½	105½	0	-0⅛	7.12
World Bank 8⅜ 92	20	103¾	104½	-0⅛	-0⅛	7.72

Av. price changes: on day -⅛, on week ⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17⅛ 88 C$	50†	112½	113	-0⅛	-0⅝	13.76
Can Utilities 17 07 C$	35†	113¾	114¼	0	0	12.61
Gaz de France 15 89 C$	75†	106	106½	-0⅜	-0¾	13.52
Gaz Metro 14½ 92 C$	40†	104⅝	105⅛	-0⅛	-0⅜	13.53
O.K.B 16½ 88 C$	63†	114⅛	114⅝	-0½	+0½	12.34
Quebec Hydro 14 87 C$	60†	106⅛	106⅝	-0⅛	-1	12.77
Swed Exp CR 12¼ 88 C$	50†	97⅛	97⅝	-1	-0⅛	12.95
Ireland 12⅛ 90 Ecu	30	100⅛	101⅛	0	+0⅛	12.55
Thorn Brand 12½ 87 Ecu	40	100⅛	101⅛	-0⅛	+0⅛	12.27
Amfas 9½ 87 Fl	60	104⅛	104⅝	+0⅛	-0¼	8.32
Amro Bank 8½ 87 Fl	100	105⅞	106⅜	+0¼	0	7.80
Order Midbk 8¼ 07 Fl	100	104⅞	105⅜	+0⅛	0	7.93
Nedlloyd Grp 10⅛ 87 Fl	75	105⅝	106⅛	+0⅛	0	8.68
Van Lanschot 10¼ 07 Fl	50	108⅛	108⅝	+0⅛	-0½	8.99
World Bank 10 07 Fl	100	107⅛	108⅛	+0⅛	+0⅛	7.89
O.K.B. 14 98 FF	400	97¾	98⅛	-0⅛	-0⅛	14.74
Solvay & Cie 14¾ 86 FF	200	95⅝	97⅝	-0⅛	-0⅛	15.94
B F.C.E. 14½ 87 £	30	104⅞	105⅜	+0⅛	+0½	12.76
C.E C.A. 13½ 88 £	20	101	102	+0¼	+0⅛	13.07
C N T 12½ 88 £	20	97	98	0	-0¼	13.04
Fin For Ind 12⅛ 88 £	30	99⅛	100⅛	+0⅛	0	12.31
Fin Mat Oranj 12⅛ 92 £	30	21	21⅜	-0⅝	-0⅝	13.31
Gen Elec Co 12½ 89 £	50	102⅝	103⅛	0	+0⅛	11.71
Hiram Walker 14¼ 86 £	25	103⅞	105⅛	0	0	12.41
Mort Bk Fin 11⅜ 89 £	30	22⅞	23⅛	0	-0⅜	13.57
Norsk Hydro 12 90 £	30	24⅛	25⅛	0	-0⅜	13.46
Norsk Hydro 14½ 87 £	30	105	106	+0⅛	+0½	12.23
Quebec 16½ 89 £	30	102⅞	103⅛	0	+0⅛	13.63
Quebec 16½ 87 £	35	106⅛	107⅛	0	+0¼	13.05
S O.R. France 15½ 92 £	30	103¾	104⅛	+0⅛	+0⅜	14.60
S.B.C.F 11½ 89 £	30	10½	17½	-0⅛	0	13.40
Tenneco Int 14⅜ 87 £	30	104⅞	105⅞	0	+0¼	13.03
World Bank 11⅝ 91 £	75	22⅞	23¾	-0⅛	+0⅛	12.87
Eurofima 10½ 87 LuxFr	500	98⅛	99⅛	-0⅛	-0½	10.85
Europeral 12½ 92 LuxFr	500	104⅛	105⅛	+0⅛	-0¼	11.64

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5¼ 92	0⅛	97½	98½	15/4	10⅝	10.84
Bank of Tokyo 5¼ 91 (D)	0⅛	99⅝	100⅛	18/6	9¾	9.78
B.F.C.E 5⅛ 88	0⅛	98⅝	99⅛	20/7	9⅛	9.36
B.F.C.E. 5⅛ 87	0⅛	99⅛	99⅝	27/7	9.94	10.00
Caisse Nat Tele 5¼ 90	0⅛	99	99½	21/4	10.56	10.64
C.C.C.E. 5⅛ 2002	0⅜	97⅞	98⅜	11/3	9⅞	10.06
Cepme 5¼ 92	0¼	99⅛	99⅝	10/0	9.94	10.01
Chemical NY 5¼ 04 ††	0¼	99⅞	100⅜	23/3	9.94	9.93
Credit Agricole 5¼ 92	0¼	98	98½	24/3	12⅝	12.87
Credit du Nord 5¼ 92	0¼	98¾	99¼	23/8	10⅛	10.23
Credit Lyonnais 5¼ 07	0¼	99	99½	1/4	12.10	12.28
Credit Lyonnais 5⅛ 94	0¼	99⅛	99⅝	5/7	9⅜	9.85
Credit Nat 5¼ 94 ††	0⅛	98⅝	99⅛	8/3	12.18	12.31
Kansallis Osake 5½ 92	0¼	99⅜	99⅞	9/5	10.00	10.10
Lloyds Eurofin 5¼ 93 §	0¼	99⅞	100⅜	29/4	10.56	10.60
Long Term Cred 5¼ 92	0¼	99⅛	99⅝	27/5	10⅛	10.19
J.P Morgan 5¼ 97 §	0¼	99⅜	100⅛	14/2	10.06	10.06
Nat West Fin 5¼ 91 §	0¼	99⅝	100⅛	15/7	9⅛	9.20
New Zealand 5¼ 87	0⅛	100⅛	100⅝	7/4	12½	12.45
NZ Steel Dev 5¼ 92	0⅛	99⅝	100⅛	22/5	10.18	10.18
Nippon Credit 5¼ 90	0⅛	99⅝	100⅛	10/2	13⅞	13.89
Offshore Mining 5¼ 01	0⅛	99⅜	100⅛	2/8	10.44	10.44
Scotland Int 5¼ 92	0⅛	99⅜	100⅛	23/3	13¼	13.25
Sec Pacific 5¼ 91	0⅛	99⅞	100⅜	24/5	10.06	10.05
Société Generale 5¼ 95	0⅛	98	98½	1/3	12.91	12.91
Standard Chart 5¼ 91	0⅛	99⅞	100⅜	18/0	10.69	10.67
Sweden 5¼ 93	0⅛	98¾	99	3/2	5¼	5.31
Sweden 5¼ 90	0⅛	99	99½	28/2	11.81	11.90

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	88⅛	89⅞	+0⅛	2.58
Bridgestone Tire 5½ 96	3/82	478	95	96½	+1⅛	3.18
Canon 7 87	7/82	748.2	159	161	+1⅛	3.52
Fujitsu Fanuc 4¼ 96	10/81	5614	93⅛	95⅛	-0⅛	21.56
Hitachi Cable 5¼ 96	2/82	610	86⅝	88⅛	-0⅜	5.81
Hitachi Credit Corp 5 96	7/01	1812	84	86	-0⅛	10.93
Honda Motor 5½ 07	3/82	835.0	117	112½	0	1.53
Kawasaki 5⅛ 96	0/81	229	69⅛	71⅛	-0¼	18.58
Kumagai Gumi 6½ 87	10/82	480	111⅛	112⅝	+0⅛	5.39
Kyowa Hakko 6¼ 07	2/03	762	100⅛	101⅛	-0⅛	12.29
Marui 8 96	7/01	846.4	114½	110	-0⅛	13.98
Minolta Camera 6 96	10/01	826.4	69½	71	-1¼	38.11
Minorco 8⅛ 87 †	5/02	8.16	146½	148½	-1½	1.13
Murata 5⅛ 00	7/81	1971	87⅛	88⅛	-0⅛	20.03
SKK 8½ 96	7/81	188	79½	81	-1	25.68
Nippon Electric 5⅛ 97	2/82	884.2	115½	117	0	6.25
Olympus Optical 8⅛ 87	12/87	1331	100⅛	101⅛	+0½	12.98
Orient Finance 6⅛ 07	3/82	1205	88	89⅛	+0½	-7.74
Sanyo Electric 5 86 1	10/81	652	78	79½	-1⅛	22.07
Sumitomo Electric 5½ 97	3/82	577.3	95½	97	+0½	11.07
Sumitomo Metal 5⅛ 96	10/81	296.1	68½	70	-1	30.38
Olympus Opt 4½ 92 SF	12/82	1331	106⅛	108½	-0⅛	29.55
Konishiroku 8⅛ 98 DM	6/82	818	109⅛	118⅛	-2⅛	8.37
Mitsubishi Heavy 6 89 DM	2/92	263	103⅛	104⅛	+0⅛	10.87
Sun Realty 6⅛ 02 DM	2/83	385	108⅛	109⅛	+0⅛	-0.58

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday February 4 1983

Lower U.S. farm earnings forecast this year, Page 29

WALL STREET

Drama gives way to tranquility

MORE tranquil conditions returned to New York's financial markets yesterday morning after a volatile trading passage through the previous three sessions, *writes Duncan Compbell-Smith in New York.*

On the New Ynrk Stock Exchange advancing stocks outnumbered those declining by nine to five on a trading volume of 78.69m, shares. The Dow Jones industrial average, having meandered through most of the day on the up side closed just 2.02 ahead at 1,064.66.

The rail stocks provided the one exception to the generally quieter mood, with prospective changes in the regulatory environment of the industry sparking sharp moves by many of the leading companies in the sector. The DJ Transportation index as a result jumped 12.79 to 474.67. One principal gainer was Rio Grande Industries, which closed up $7⅛ at $55¼

Of the most active stocks, Pan American extended its dramatic run of recent days, up $⅜ to $5⅛ on 2.77m shares.

This increased its gain since Monday's close to $1½, a 38 per cent appreciation in three days. Interest in the airline's prospects has been focused, according to analysts, by the appearance of a detailed prospectus to accompany a proposed $100m debt offering. Its results came after the close last nigbt.

International Harvester, also a regular fixture on the actives list in recent days, and another company with a vexed future, lost some of the ground gained earlier this week, and closed down $⅜ to $6⅛. At the end of last week Harvester stood at $4⅝'

The release of January sales figures for the major retailers helped most of the leading stocks in this sector. Sears gained $⅛ to $30⅝, K-mart $¾ to $27¼, and J. C. Penney $1⅛ to $53⅛. Encouraging January car sales figures from Detroit, bowever, had little apparent impact on the market.

Major companies reporting their results included Nabisco Brands, down $1½ to $36⅝, and Dow Chemical, which was unchanged at $27⅛. Dow, with 1982 earnings at $2.07 per share against $3, announced pre-tax write-offs of $102m as a result largely of its withdrawal from joint ventures in Yugoslavia and Saudi Arabia.

Strong earnings reports from two major defence contractors gave their stocks a fillip, with General Dynamics up $1 to $38 and Grumman up $⅞ to $49⅝.

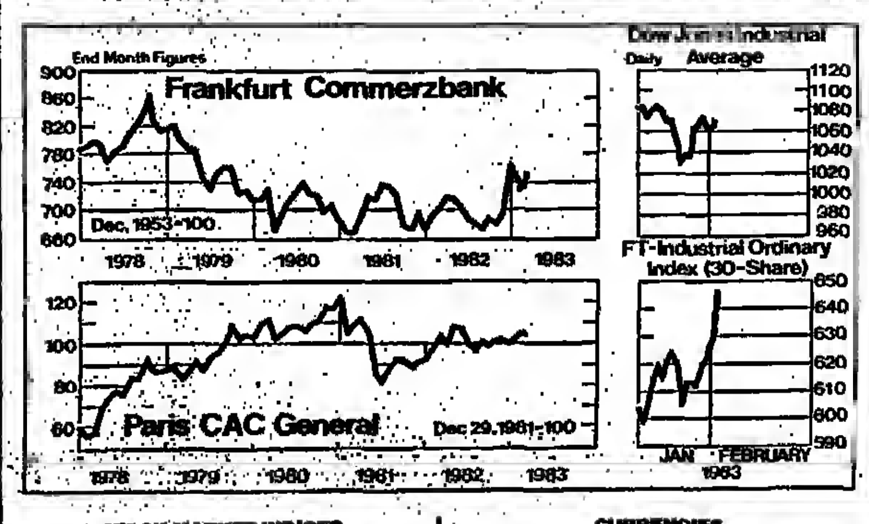
Prices rallied in the bond and money markets during the morning but fell back in the afternoon to leave interest rates flat to sligbtly higher. Dealers continued to focus on the immediate impact of the Treasury's current funding exercise, and Wednesday's confirmation from Washington that January bad seen an explosive growth of the M2 money supply was received with only the mildest interest on the trading floors.

Federal funds traded through most of the morning at about 8⅝ per cent, moving after midsession up to 8½ per cent. The three-mnnth Treasury bill rate was unchanged around 8.41 per cent, but the six-month bill rose to about 8.78 per cent, both on a bond equivalent basis.

The new 9⅞ per cent 1966 notes closed around 99¹⁵⁄₃₂ bid to yield 10.02 per cent against Tuesday's issuing yield of 9.98 per cent. The 10⅞ per cent 1993 notes were 99¹¹⁄₃₂ bid to yield 10.92 per cent against Wednesday's 10.94 per cent launching.

The 10⅜ per cent bonds due 2012 dropped as much as ⅞ late in the day to 94⁴⁄₃₂ yielding 11.04 per cent. This issue was scheduled to be reopened after trading hours to raise $3.5bn of new bonds which in midsessinn were trading nn a wben-issued basis to yield 10.96 per cent. *Dealers expected the average yield* for the new bonds to be around 11 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 3	Previous	Year ago
NEW YORK			
DJ Industrials	1064.66	1062.64	845.03
DJ Transport	474.67	461.88	353.66
DJ Utilities	124.45	124.4	107.31
S&P Composite	144.27	143.23	116.48
LONDON			
FT Ind Ord	646.8	632.2	574.8
FT-A All-share	403.02	397.61	328.72
FT-A 500	435.78	429.92	348.88
FT-A Ind	411.36	405.18	319.02
FT Gold mines	676.9	673.8	292.6
FT Govt secs	77.91	77.18	64.95
TOKYO			
Nikkei-Dow	7,991.29	8,108.05	7,860.94
Tokyo SE	582.04	588.71	578.59
AUSTRALIA			
All Ord.	527.7	545.1	546.2
Metals & Mins.	470.1	502.5	395.4
AUSTRIA			
Credit Aktien	49.08	49.22	55.18
BELGIUM			
Belgian SE	103.28	103.62	94.32
CANADA			
Toronto Composite	2038.5	2031.6	1734.5
Montreal Industrials	346.45	346.12	301.48
Combined	334.14	332.96	285.94
DENMARK			
Copenhagen SE	103.35	103.42	96.52
FRANCE			
CAC Gen	103.9	104.2	106.2
Ind. Tendance	107.4	107.5	115.8
WEST GERMANY			
FAZ-Aktien	251.67	249.54	228.33
Commerzbank	757.0	750.3	696.1
HONG KONG			
Hang Seng	888.08	894.81	1384.15
ITALY			
Banca Comm.	183.12	184.59	188.59
NETHERLANDS			
ANP-CBS Gen	105.5	105.0	88.8
ANP-CBS Ind	92.0	91.1	69.2
NORWAY			
Oslo SE	129.15	128.68	113.75
SINGAPORE			
Straits Times	782.1	779.26	765.06
SOUTH AFRICA			
Golds	1079.5	1087.8	551.0
Industrial	831.8	815.4	706.3
SPAIN			
Madrid SE	103.28	104.15	105.45
SWEDEN			
J & P	1049.52	1044.82	586.65
SWITZERLAND			
Swiss Bank	301.3	299.9	249.9

GOLD (per ounce)

	Feb 3	Prev
London	$499.50	$507.50
Frankfurt	$498.50	$508.50
Zürich	$498.50	$508.50
Paris	$502.85	$510.79
New York futures (Feb)	$507.30	$503.70

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Feb 3	U.S. DOLLAR Previous	STERLING Feb 3	STERLING Previous
£	1.5250	1.5150	–	–
DM	2.4650	2.4950	3.75½	3.75½
Yen	238.75	242.25	364½	364½
FFr	6.9925	7.0775	10.66	10.63
SwFr	2.0190	2.0475	3.08	3.07
Guilder	2.7070	2.7340	4.13	4.11½
Lira	1419¼	1427¼	2163¾	2152
BFr	48.31	48.67	73.65	73.40
C$	1.2340	1.2382½	1.8805	1.8825

INTEREST RATES

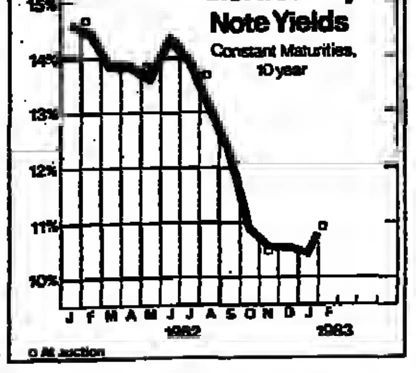
	Feb 3	Prev
Euro-currencies (three month offered rate)		
£	11⁷⁄₁₆	11⅝
SwFr	3⅛	3¹⁄₁₆
DM	5⅞	5¹⁵⁄₁₆
FFr	20½	20⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⁷⁄₁₆	9⁹⁄₁₆
6-month U.S.$	9¾	9⅞
U.S. Fed Funds	8⅝*	8⅞
U.S. 3-month CDs	8.95*	9.00
U.S. 3-month T-bills	8.09*	8.14

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	73–10	74–06	73–08	73–24
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.76	91.89	91.75	91.79
Cert Deposit (IMM) $1m points of 100%				
March	90.85	90.97	90.85	90.84
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.49	90.55	90.40	90.21
20-year Notional Gilt £50,000 32nds of 100%				
March	99–09	99–23	98–17	98–09
Three-month Sterling Deposit £250,000 points of 100%				
March	88.90	88.95	88.86	88.70

LONDON COMMODITY MARKETS

	Feb 3	Prev
Silver (spot fixing)	942.75p	902.30p
Copper (Cash)	£1059.50	£1054
Coffee (March)	£1679	£1677
Oil (spot Arabian light)	$29.57	$29.67



EUROPE

Confidence interspersed with caution

INVESTORS returning to the bourses yesterday morning were faced with no strong initial impulse either to buy or to sell. The declines encountered in Continental Europe on Wednesday, though widespread, bad left few issues markedly undervalued; Wall Street's erratic sbowing overnigbt provided few pointers; and the interest rate outlook was not substantially clearer despite a more flexible monetary attitude indicated by the Reagan Administration.

But as the day progressed, a somewbat weaker dollar and steadier domestic bond markets gave encouragement to the scattered technical corrections wbich were occuring among stocks, and many centres finisbed with a firmer tone.

The refusal of the West German Bundesbank at its council meeting to make any downward adjustment in the Lombard and discount rates was received stoically, as hopes of such a move had dwindled by earlier in the week.

Among slightly firmer banks in **Zurich**, active Swiss Volksbank rose SwFr 30 to SwFr 1,270 hut Bank Leu beld steady around its previous level after reporting higher 1982 profits and an unchanged dividend. Insurance and financial issues made modest beadway, while leading industrials sbowed gains for Ciba-Geigy, Sandoz and Nestlé.

Trading and price levels for bonds improved but dealers pointed out that the market bad not yet fully recovered from its weakness last week.

Better corporate results for Siemens and Thyssen buoyed **Frankfurt** – the electrical concern added DM 3.90 to DM 261.20 and the steelmaker DM 1.60 to DM 88.60 – and the market received the additional benefit of an improved opinion poll standing for the conservative CDU and CSU parties.

Record *unemployment figures* were reported both for West Germany and for Belgium, where they were met with less equanimity and contributed to a continued depressed tone fnr dnmestic stocks in **Brussels**. The market ended broadly mixed with oils faring relatively well but electricals turning lower.

In thin **Paris** trading, Peugeot eased FFr 3.30 to FFr 134.20 after industrial unrest disrupted output for its Citroën subsidiary. Thomson-CSF firmed a franc to FFr 163 after Thomson-Brandt, its *state-owned minority sbareholder*, reiterated its intention to buy control of Grundig.

A similar directinnless pattern emerged in **Amsterdam**, with a mild upturn in industrials balanced by weakness in banks. Trading in RSV was balted after a selloff began on Wednesday. It went on to seek a suspension of payments fnllowing the *state's* refusal of more support.

Trading was thin too in **Milan**, amid worries that a row over the state energy corporation *ENI could threaten the Gov*ernment, and in **Madrid**, where electricals led a further downturn.

SOUTH AFRICA

Golds mixed

PROFIT-TAKERS made their presence felt towards the close in Johannesburg to provide golds with a mixed result.

Eastern Transvaal Consolidated fell R1.25 to R25.50 but gains elsewbere in the beavyweight end extended to R2. Mining financials followed but diamonds continued very firm, with De Beers 30 cents higher at the R10 mark and Anamint R6 stronger at R108.

DRG SA featured a firm industrial sector, up 25 cents at R3 after R3.20, attributed by dealers to a possible counterbid to one by Kobler.

LONDON

Broadening of demand brings peaks

LEADING barometers of equity market trends rose to all-time records yesterday as investors warmed to revived signals of cheaper international money. Easier short-term U.S. interest rates, following the Administration's shift in mnnetary policy, superseded slightly lower UK levels as London credit markets had *the* sbackles of nine months of tight money loosened yesterday.

Equity markets were also stimulated by continuing bopes of a give away budget and Wall Street's overnigbt recovery from earlier low values. Industrial sbares went better from the opening bell as investment interest switched from secondary and situation issues to top-quality stocks, many of which had failed to participate in the recent upturn.

Numerous recent speculative favourites came back sbarply as profits were realised to counter losses sustained in Australian stocks.

The FT Industrial Ordinary share index advanced 14.6 – the biggest one-day rise since *last October – to* its best-ever level of 646.6, while the broader FT-Actuaries All-sbare index breached 400 for the first time to close 1.4 per cent up at 403.02.

Sterling's recovery against the dollar yesterday – although it fell against other leading currencies – aroused enthusiasm for government securities. An absence of sellers fuelled the upturn which took specific longer-dated gilts up 1½ points before being trimmed to around 1¼. Similarly the shorts settled a shade below the best with gains extending to about ³⁄₄.

The major clearing banks attracted renewed investment support ahead of the fortcoming dividend season. Lloyds again led the advance with a gain of 13p at 463p after 466p. *Barclays firmed* 8p to 440p as did Midland to 338p and NatWest to 540p.

Good buying of the electrical leaders, some on institutional account, found stock in short supply and resulted in double-figures gains. Plessey advanced 21p to 596p and Philips Lamps 22p to 809p. Late details of a colour TV agreement with JVC helped Thorn EMI's rise of 17p to 470p.

Increased consumer spending hnpes, meanwhile, continued to spur the stores sector.

The Australian mining market was in disarray after heavy overnight selling on Sydney and Melbourne *markets* as news of a snap election emerged. A sharp markdown at the outset was followed by sustained selling pressure. An attempt at a rally proved short-lived as renewed offerings from London, Continental Europe and the U.S. left the majority nf issues near the day's lowest levels.

South African golds staged a modest recovery after Wednesday's shake-out, but clnsed off the top failed to hold initial levels. *Share informotinn service, Page 30–31*

AUSTRALIA

Election jitters

THE CALLING of a general election was not confirmed until well after the close in Sydney, but the announcement was preceded by a spate of well-founded rumours whicb served as a severe depressant on prices.

The All Ordinaries index *suffered its* largest one-day decline in more than a year, off 17.4 to 527.7, with mining stocks the worst bit. The Metals and Minerals index plunged 32.4 to 470.1 while the All Resources marker slipped 24.5 to 414.3.

MIM fell 32 cents and CRA 26 cents, eacb to settle at A$4, and BHP 20 cents to A$7. Uraniums also dld badly in the ligbt of opposition to the Industry within the Labor Party. Similar fears hit Asbton Mining, threatened with a Labor review of its marketing arrangement with De Beers' Central Selling Organisation.

Brokers said resource issues would be the most vulnerable because of nervous selloffs in the large foreign holdings there, whereas local investors could not support the market at current levels.

A bectic *final* hour in *Melbourne* wreaked similar havoc with share values. Banks and leading industrials were also affected.

FAR EAST

Tokyo makes a rapid descent

SPORADIC but widespread profit-taking, with foreign selling to the fore, pulled **Tokyo** share prices down sharply yesterday as investors appeared daunted by the steady if modest gains achieved in the market in the past week.

Steels suffered after the good overseas interest shown in the sector on Wednesday, as did nearly all the internatinnal populars which have U.S. listings.

The Nikkei-Dow Jones market average once more lost its grasp on the 8,000 level, with a 116.76 slide to end at 7,991.29 on moderate turnover of 480m shares against the previous 730m. The final hour of trading brought the heaviest offloading.

Among the blue chips Hitachi showed the earliest and most serious setback and dampened trading in other quality issues. Dealers ascribed the fall to the poor performance of the stock in New York overnight, where it ended off $1⅛ to $32⅞. On the Japanese market yesterday it faced bursts of sell orders and finished Y17 lower at Y762.

Mitsubishi Electric managed to stave off the pressure and close unchanged, drawing strength from news that it might link up with IBM in producing communications systems.

Government bond prices shed most of an early firmness in thin trading as the Finance Ministry declined this time to intervene.

Lacklustre **Hnng Kong** trading left stocks somewhat easier, with the trading sector leading the downward drift. Swire Pacific was 30 cents lower at HK$10.80 and Jardine Matheson 20 cents off at HK$13.80.

Singapore, however, produced sustained buying support in dealings which were active though selective. Properties did well but commodities were neglected.

Planning to divest or acquire? The Morgan Bank knows the people you should talk to

Incorporated with limited liability in the U.S.A.

International Mergers and Acquisitions officers based in London are Andreas Prindl, Francis Depré, and Georges van Erck. At left is Financial Analysis officer Margaret Campbell.

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The Morgan Bank

NEW YORK STOCK EXCHANGE

NEW YORK

(Closing Prices)

Stock	Feb 3	Chng.	Stock	Feb 3	Chng.	Stock	Feb 3	Chng.
ACF Industries	33⅝	+ ⅛	Cleve Cliff Iron	21½		Gt Atl Pac Tea	10⅛	
AMF	17⅛	+ ⅜	Clorox	24⅝		Gt Nthn Nekoosa	42	
AMR Corp	22⅞	+ 1⅛	Cluett Peaby	21¼		Gt West Financl	23⅛	
ARA	35	- ⅛	Coastal Corp	21⅛	- ⅛	Greyhound	21	
ASA	75	- 1¾	Coca Cola	49½	- ⅜	Grumman	49⅝	
AVX Corp	25⅛	- ⅜	Colgate Palm	18½	½	Gulf & Western	17⅛	
Abbott Labs	39¼	- ⅛	Collins Aikman	21¾	-	Gulf Oil	38⅝	
Acme Cleve	18⅞	+ ⅝	Colt Inds	33⅛	- ⅝	Gulf State Util.	14⅛	
Adobe Oil Gas	17⅞	- ⅛	Columbia Gas	28¾		Gulf Utd	27¾	
Advanced micro	35½	+ ½	Combined Int	30	+ ½	Hall (FB)	32⅝	
Aetna Life & Cas	33¾	- ⅛	Combustn Engg	36¾	+ ⅜	Halliburton	33	
Ahmanson (HF)	26¼	+ ⅛	Cmwlth Edison	26½	-	Hammermill Ppr	34⅛	
Air Prod & Chem	44⅛	+ ⅞	Comp Sensitro	71⅝	+ ⅞	Hanna Mining	19⅜	
Albany Intl	34	1⅛	Comp Science	39⅞	+ 1	Harcourt Brace	18⅞	
Alberto-Culv	19	¼	Computervision	41⅛	+ ⅞	Harris Bancp	31½	
Albertson's	41¾	-	Comdisc	13⅛	- ⅛	Harris Corp	41	
Alcan Aluminium	27¾	⅛	Cone Mills	32½	- 1	Harsco	18¾	
Alco Standard	28	+ ⅛	Cons Edison	18⅞	- ½	Hecla Mining	24½	
Alexander & Alex	21	-	Cons Foods	40⅛	- ⅛	Heinz (HJ)	37⅛	
Allegheny Intl.	29¼	-	Cons Freight	48¾	- ½	Heller Intl	21½	
Allied Bancshrs	23⅞	- ⅜	Cons Nat Gas	28	+ ⅛	Helmerich & Payne	18⅞	
Allied Corp.	33⅝	- ⅜	Consumer Power	20⅛	- ⅛	Hercules	29¾	
Allied Stores	38½	+ ⅛	Contl Corp	27⅜	- ¼	Hershey	54	
Allis-Chalmers	12	- ⅛	Contl Group	35	- ½	Hewlett Pkd	16⅞	
Alpha Portd	17⅛	-	Contl Illinois	21⅜	+ ¼	Hilton Hotels	40¾	
Alcoa	32⅞	⅜	Contl Telep	19⅝	+ ⅛	Hitachi	32⅞	
			Control Data	43⅞	+ ⅛	Holiday Inns	35⅛	
			Cooper Inds	33	+ ⅜	Holly Sugar	46⅛	
			Coors Adolph	13⅞	+ ⅛	Homestake	58⅛	
			Copperweld	15½	+ ⅛	Honeywell	87¾	
						Hoover	14⅜	

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND (continued)

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

HOLLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.75 (Discount of 19¼%)

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atwood	14	— [illegible]
Allen Elec	327	—25
Barratt Dev	464	— 8
Carless Capel	775	— 15
Gold Mines Kalgoorlie	725	—40
ICI	328	+ 6
International Pet	215	—2?
MIM	257	— 22
Northern Goldsmiths	135	— 14
Stewart Nair	78	— 3
Tate and Lyle	293	+ 13
Western Mining	254	—24

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of changes	Wed. close	Day's change
Allen Elec	38	312	—60
De Beers Defd	22	477	— 21
Imed 2us Syst	22	225	+ 25
Biotsolations	19	365	— 5
London & Liv	19	615	—30
Metlins	19	176	—16
BAT Inds	17	717	+ 22
Meitoy	16	47	— 8
Garters	14	20	+ 5½
Glaxo	13	£74	— ¼
Beecham	13	345	+ 5
Boots	12	256	+ 10
GKN	12	137	— 6
Racal Elec	12	462	— 1

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (189)

BRITISH FUNDS (1)
AMERICANS (4)
CANADIANS (3)
BANKS (7)
BREWERS (9)
BUILDINGS (17)
CHEMICALS (6)
DRAPERY AND STORES (4)
ELECTRICALS (12)
ENGINEERING (9)
FOODS (6)
INDUSTRIALS (30)
INSURANCE (5)
LEISURE (1)
MOTORS (4)
NEWSPAPERS (1)
PAPER (4)
PROPERTY (12)
SOUTH AFRICANS (2)
TEXTILES (5)
TOBACCOS (1)
TRUSTS (33)
OIL AND GAS (3)
PLANTATIONS (3)
MINES (7)

NEW LOWS (9)

CHEMICALS (1)
Ransom (Wm.)
ELECTRICAL (1)
Breville Europe
ENGINEERING (1)
Utd Wire
INDUSTRIALS (2)
Assoc Heat Services   Gyson U. J. A.
TRUSTS (2)
Antofagasta H'dgs   Energy Fin
OIL AND GAS (1)
Edinburgh Secs
OVERSEAS TRADERS (1)
Nesco Invests

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13

For rate indications see end of Share Information Service

Stocks to attract money for the call included Lasmo, BATS, Carless Capel, Hampton Trust, Holt Lloyd, Polly Peck, Strata, May and Hassell, Samantha, Dares Estates, G. M. Firth Keep Investment, Britoil, Muntons, Cornell, Associated Newspapers, London Investment Trust, Amber Day, Soter, Fidelity, BSR and Babcock International. Polly Peck were dealt in for the put, while double options were arranged in Grovebell, Lex Service and Combined Technology.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	90	—	7
Corpns. Dom. and Foreign Bonds	37	1	39
Industrials	447	129	751
Financial and Prop.	213	54	247
Oils	27	29	54
Plantations	5	—	17
Mines	51	65	34
Others	63	46	43
Totals	933	324	1,192

FINANCIAL TIMES STOCK INDICES

	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 28	Jan. 27	year ago
Government Secs.	77.91	77.18	77.23	77.02	77.57	77.15	64.95
Fixed Interest	79.70	79.22	79.03	79.07	79.71	79.63	64.97
Industrial Ord.	646.8	632.2	628.4	632.7	620.0	611.6	574.9
Gold Mines	676.8	573.3	598.0	677.0	649.2	639.2	292.6
Ord. Div. Yield	4.73	4.84	4.85	4.88	4.86	4.91	5.63
Earnings Yld.%(full)	10.14	10.40	10.43	10.47	10.44	10.55	9.57
P/E Ratio (net) (*)	11.84	11.54	11.51	11.46	11.50	11.38	13.23
Total bargains	91,853	25,064	26,618	25,980	29,052	22,895	19,356
Equity turnover £m.	—	297.92	304.77	235.51	311.25	258.42	156.67
Equity bargains	—	23,843	25,050	27,217	24,868	20,285	10,619
Shares traded (ml)	—	201.6	196.1	164.5	199.1	156.5	115.6

10 am 641.2. 11 am 640.7. Noon 641.6. 1 pm 643.1.
2 pm 643.6. 3 pm 644.9.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35.
*Nil=11.01.
Gold Mines 12/10/55. SE Activity 1974.
Latest Index 01-246 8026.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (3/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	646.8 (3/2/83)	518.1 (5/1/82)	646.8 (3/2/83)	49.4 (26/6/40)
Gold Mines	698.0 (1/2/83)	181.2 (22/6)	699.0 (1/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 2	Feb. 1
—Daily Gilt Edged Bargains	160.9	169.1
Equities Bargains	154.5	162.4
Value	602.2	616.0
5-day Avrge Gilt-Edged Bargains	157.1	152.0
Equities Bargains	157.1	149.7
Value	561.4	616.0

NEW YORK AND CANADA

Indices

NEW YORK DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

U.S. INDICES: CLOSING VALUES YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

COMMODITIES AND AGRICULTURE

Zinc values fall as European prices drop

BY JOHN EDWARDS, COMMODITIES EDITOR

IN A surprise move, three zinc producers have decided to cut their posted price in Europe from $800 to $750 a tonne. Going against the recent surge in other metal merkets, Noranda Mines of Canada led the downward move in zinc to $750 on Wednesday night and was quickly followed by A. M. and S. Europe, which runs the Avonmouth smelter in Britain, and then by Metallgesellschaft in West Germany.

The news brought an immediate fall in zinc values on the London Metal Exchange. The cash zinc price closed £10 lower at £443.5 a tonne, after losing £9 the previous day.

The main reason given for the decision to cut the European zinc producer prices, at a time when other metal markets are gooming, is that the strength of the dollar against sterling has made the dollar price charged by producers even more uncompetitive against the LME sterling prices than before.

The rise in the LME cash price to a 13-month peak of £462 a tonne earlier this week still meant a fall in dollar terms to around $660 a tonne—against the official producer price of $800 which for January was translated into sterling quotation of £501.

Although the actual price charged by producers, after discounting, was around $760 it was felt that the gap between the two prices had become too large for comfort. So the producers have decided to bring their official price more into line with reality.

Obviously influencing the decision is the fact that there has not yet been any sign of a recovery in demand for zinc from the very depressed levels of the past few years—a sobering thought when viewing the sharp price rises for other metals, buoyed up primarily by speculative buying.

Zinc's sister metal, lead, also remains depressed by low consumer demand. Cash lead yesterday dropped back below £300 closing £3.125 lower at £298.25 o tonne.

Advance in tin prices

BY OUR COMMODITIES EDITOR

TIN PRICES advanced strongly on the London Metal Exchange yesterday, following sustained support buying by the buffer stock of the International Tin Council. The standard grade cash price rose by £138 to £8,428.5 a tonne.

This suggests that the buffer stock has achieved its objective of bringing London values into line with the Penang market where the straits tin price remains at the Tin Agreement's "floor" level of M$29.15 a kilo.

The buffer stock is pledged to stop prices in Malaysia going below the "floor" level. However, the fall in the value of sterling against the Malaysian dollar put London prices at an uncomfortably high discount to Penang, so the buffer stock was forced to redress the situation.

Copper prices followed the early upturn in gold, but lost ground in later dealings when tha gold market eased. High grade cash copper closed £5.5 up at £1,059.5 a tonne, with heavy trade selling offsetting strong speculative buying.

Trading in the aluminium market was reported to be very active, with the cash price closing £10.5 higher at £768.5 a tonne making up some of Wednesday's heavy losses.

50,000 tonne potato sale talks

THE POTATO Marketing Board has begun formal talks about selling 50,000 tonnes of potatoes to frozen chip processors.

The potatoes, from PMB contracted quantities, will be turned into frozen chips later this year. The potatoes are likely to be processed in addition to processors' normal requirements, and will not interfere with purchasing arrangements for the rest of the season.

● THE NFU has welcomed the Government's announcement of a thorough and independent review for compensating farmers whose property is damaged by coal-mining subsidence.

● TOTAL world production of oilseeds for 1982-83 is estimated at 185m tonnes, up 7.5 per cent from the previous season. Mr Giampiero Schiratti, head of the European Commission's oilseeds division, said demand is up 3.2 per cent from last season at around 177m tonnes.

● THE Soviet Union has discovered major phosphor deposits in the Central Asian republic of Uzbekistan and plans to build a fertiliser plant there to exploit them. Reserves are estimated at 10bn tonnes.

● WEST GERMAN sugar production totalled 3.29m tonnes (white sugar equivalent) in 1982-83, compared with 3.39m tonnes tha previous season.

● SWISS chocolate makers reported a 1.5 per cent drop in sales volume in 1982 to 76,605 tonnes. However, sales rose in value to SwFr 861.1m (£281.4m) Outlook for 1983 depends on commodity prices and consumer trends, said the industry's associotion.

● AFGHANISTAN is to import an "enormous amount" of Indian tea to meet shorteges.

Solutions to the problems that went against the grain

Farmer's viewpoint: By John Cherrington

UNTIL ABOUT 10 years ago one could drive from Salisbury Plain to Lands End and see *scarcely any field of grain.* The land in many cases was too steep. Where that wasn't the problem, it was to humid and undrained to stand such cropping.

The high rainfall produced first class grass, and the main output was milk and livestock—beef and sheep. There were odd areas of arable land, the South Hams in Devon, the Exeter sandstones and southern *Cornwall, but even there livestock* was predominant.

The change today is astounding to anyone brought up like me to believe that West Country grain growing was e dead loss because the climate encouraged cereal diseases and because the constant humidity would rot the plans.

I owned a farm in South Devon 20 years ago, right on the coast and of well drained land. We grew barley and grazed sheep, but the results were never as good as they were in Hampshire, 150 miles east.

The problems were those of disease and high humidity, a 40-inch instead of 30-inch rainfall. I was warned by the locals that wheat growing would be impossible and that if I had any sense at all I would turn the farm back to cows.

I am no longer involved in that particular farm, but it is still in the family and the change over the years has been astounding—to those like myself with preconceived ideas of what can be done in farming.

All the arable land is intensively cropped with cereals. Orthodox rototions, it seems, can be disregarded with impunity. Yields are as good as mine in Hampshire and probably better as the land is inherently more fertile. The secret of this success has partly been varietal change, and knowledge of disease control.

The first major development has been the introduction of *high yielding winter barley* strains. On this particular farm, no spring-sown barley is planted as it proved more vulnerable to early summer drought and disease. *The technique* is to plant both barley and wheat as early as possible so that it is strong before the autumn gales can damage it by bringing opray drifting in from the sea.

The crops I saw there last week, even in the most exposed fields, were very lush indeed, thanks to the mild winter. A few years ago I would have recommended thet a flock of sheep ohould graze them off. I employed this technique at one time because it was tha fashion then to graze the plants down in the spring in the belief that this would help to remove the signs of mildew and other diseases which were yellowing the leaves. It also used to provide green feed for the sheep before the grass began to grow.

Further inland in both Devon and Somerset I saw crops where it would *formerly have* been thought impossible to grow them.

One farm I visited had been a dairy farm six years ago and *it was then typical* of the area, with many small fields with high hedges and springs showing as damp places in the fields. The land has now been drained, the hedges trimmed and in some cases removed. The fields are still too small for what I would call really efficient arable farming but there is nothing wrong with the yields.

Not all farmers have been able to take part in this development. Even if their land was suitable the units have been too small to make the change worthwhile and they have had to stick to cows for the most part. But even some of these farmers were growing a small acreage of barley.

I questioned the sense of this, with the Intervention stores bursting with at least o million tonnes of barley.

That, I was told, is the trouble. Home grown grain is too dear on the market for the stock farmer to buy, and many of them find it worthwhile to grow some of their own feed. And they need the straw, which was costing between £70 and £80 delivered at the time I was there last week.

This illustrales all too well the division between the arable and livestock interests in farming today. It underlines the reason for the proposition that there should be some way of subsidising the surplus grain so that it could benefil British farmers instead of those of other countries.

It costs more than £50 per tonne to export wheat and barley on to the world market. Half that sum as a deficiency payment would make it sensible to use it as ao alternative to the cereal substitutes being imported and could make the difference between survival and extinction for many pig and poultry farmers.

Such a sensible solution is unlikely. It appears to be against Community philosophy and the considerable investment in export facilities and intervention storage would be devastated by any such sensible measure. I believe that grain growing in the West country will go on increasing, and the stores and ships will flourish

Net income for U.S. farmers likely to be lower than expected this year

WASHINGTON—Net income for U.S. farmers this year is likely to range between $16-$20bn (£10.3-£12.9bn) after adjusting for a reduction in stocks. This is down from the $20.4bn estimated for 1982, says the U.S. Agriculture Department.

However, net cash farm income is expected to range from $30-$34bn, little changed from the past two years. These figures emerge in the department's summary of the agriculture output report due for release in about a fortnight.

The recent proposals for o payment-in-kind (Pik) programme to reduce acreage has brightened prospects for 1983 farm income in recent months, and farm production expenses could actually fall for the first time since 1953.

The Pik programme oims to balance supply and demand of wheat, corn, grain sorghum, upland cotton and rice at higher prices and to improve the farm economy next year and thereafter. But crop supplies this year will remain large, with prices relatively low.

The department expects fertiliser consumption to fall again in 1982-83. It fell to a depressed 21.5m short tons in 1981-82 and is expected to fall by a further 7-12 per cent this year because of Pik and other ocreage reduction programmes.

The world economy will continue to recover this year, says the summary. But U.S. exports will probably not benefit much because personal consumption growth is expected to be low; overseas unemployment is likely to remain high; and foreign exchange constraints are expected to force governments to cut back food imports.

● The U.S. share of world grain stocks is expected to continue its rapid growth and will exceed 50 per cent in the current crop year. President Reagan said in his annual economic report to Congress.

The report said U.S. agricultural exports fell 11 per cent in 1982, due to lower prices and reduced corn and sorghum shipments. Weak demand for agricultural products *stemmed from* the recession, the dollar's strength and higher world stocks.

U.S. income per farm family in 1982 fell about 11 per cent in real terms, with more than 66 per cent of rural family earnings coming from non-ogricultural sources, the report said.

Relatively tight meat supplies and low feed prices in 1982 contributed to larger profit margins for most livestock producers. But many crop farmers were hard hit by lower prices and increased production costs.

Lower crop prices, higher mortgage rates and lower inflation contributed to a decline last yeor in farmland values, the report said.

● *The European Community* should increase wheat and flour exports rebates and grant other credits immediately in the face of aggressive U.S. ottacks on its farm policy, said Mr Bruno Catton, director-general of the French Union of Agricultural and grain co-operatives.

He said the Community grain market was now depressed after being boosted by Soviet purchases last December. The Community must act immediately if it was to continue to export to its traditional markets. (Agencies).

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 3 1983	+ or —	Month ago		Feb. 3 1983	+ or —	Month ago
[illegible]							

LONDON OIL SPOT PRICES

[illegible]

GAS OIL FUTURES

[illegible]

GOLD MARKETS

[illegible]

LONDON FUTURES

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. COPPER initially moved up to £1105, boosted by the rise in gold, but encountered heavy trade selling which pared the price to £1090 at the close of the late kerb. Heavy buying by the buffer stock manager boosted TIN to £8425, after £8440. ZINC was unsettled by news of producer price cuts by Noranda, AM & S and MG with forward metal dipping to £457, before closing at £458.5. Another day of heavy turnovers and active trading in ALUMINIUM saw the latter finally quoted at £785.5, after an initial £807.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1065.5-6	+17.5	1059-60	+5.5
3 months	1098.5-8	+16	1091.5-2	+6.5
Settlem't	1066	+17.5	—	......
Cathodes				
Cash	1042.5-3	+17.5	1036.5-7	+6.25
3 months	1076.5-6	+17	1066-7	+7.75
Settlem't	1043	+17.5	—	......
U.S. Prod.	—	—	*74-74	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1066, three months £1095, 95.50, 96, 97, 98, 97, 96.00, 97, 97.50, 98, 99, 98.00, 99. Cathodes: Cash £1043, 42.50. Kerb: Higher Grade: Three months £1089, 98.50, 99, 98.50. After[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

Nickel—Morning: Three months £2700, 2697, 95, 98, 95. Kerb: Three months £2695. Afternoon: Three months £2695, 2700, 2696, 96, 95. Kerb: Three months £2690, 95, 90, 85. Turnover: 1632 tonnes.

SILVER

LME—Turnover: 118 (131) lots of 10,000 oz. Morning: three months 968.0, 70.0, 68.0, 67.0, 66.0, 65.6, 66.0, 66.2. Kerb: three months 966.0, 65.5, 65.0. Afternoon: three months 968.0, 66.0, 65.0, 67.0. Kerb: three months 966.0, 65.0, 64.0, 61.0, 60.0, 61.0, 64.0, 66.0, 65.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	946.75p	+40.4	941.50	+25.5
3 months	967.05p	+39.4	956.0p	+25.7
6 months	991.65p	+38.3	—	......
12months	1046.20p	+42.0	—	......

Silver was fixed 40.45p an ounce higher for spot delivery in the London bullion market yesterday at 943.75p. U.S. equivalents of the fixing levels were: spot $14.36, up 64.5c; three-month $14.67, up 63.7c; six-month $15.002, up 63.3c; and 12-month $15.763, up 67.3c. The metal opened at 945-947p ($14.40-14.44) and closed at 941-943p ($14.33-14.37).

COFFEE

In a featureless market trade buying extended early gains in light volume, [illegible]

COCOA

[illegible]

GRAINS

[illegible]

POTATOES

[illegible]

The market continued nervous. Opening higher, it slipped back to close with small gains in quiet trade, reports Coley and Harper.

RUBBER

The London physical market opened steadier, attracted little interest at the higher levels and closed slightly easier. Lewis and Peat reported a February fob price for No 1 RSS in Kuala Lumpur of 195.5 (192.0) cents a kg and SMR 20 177.0 (173.5).

No. 1 R.S.S.	Yesterdays close	Previous close	Business Done
	£ per tonne		
Mar	597-603	596-608	—
Apr	605-608	603-604	—
Apl-Jne	615-617	610-611	618-611
Jly-Sept	639-640	634-635	641-635
Oct-Dec	659-661	654-655	660-656
JanMch	681-682	674-675	681-670
Apl-Jne	704-705	698-699	—
Jly-Sept	728-730	723-724	730-729
Oct-Dec	753-754	746-747	748

Sales: 608 (374) lots of 15 tonnes, nil (16) lots of 5 tonnes.

Physical closing prices (buyers) were spot 59.25p (58.75p), March 60.75p (60.50p); April 62.00p (61.50p).

SOYABEAN MEAL

The market opened unchanged and drifted on liquidation orders in nearby months, reports T. G. Roddick. Prices held steady until renewed selling late in the day pressured values.

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/FISH

[illegible] haddock £5.40-6.20, medium £4.60-5.20, small £2.60-3.50; large pleice £3.50-4.50, medium £3.50-4.50, best small £3.50-4.50; rockfish £2.40-3.00; reds £3.00-3.40; saithe £2.00-2.80.

SMITHFIELD—Pence per pound. *Beef:* Scottish killed sides 80.0 to 85.7. Veal: Dutch hinds and ends 136.0 to 139.0. Lamb: English small 77.5 to 81.0, medium 74.5 to 78.0, heavy 66.0 to 88.0; Scottish heavy 62.5 to 65.5; Imported: New Zealand PL 49.9 to 50.5, PM 48.5 to 49.0. Pork: English, under 100lb 33.0 to 50.0, 100-120lb 43.0 to 43.5, 120-160lb 37.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.51p per kg lw (+1.80). GB—Sheep 185.25p per kg est dcw (+20.93). GB—Pigs 65.40p per kg lw (+0.62).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Satsumas—Spania: 10 kg 2.80-3.80. Minneolas—Jaffa: 4.80-6.30 according to size. Oranges—Spania: Navels 3.80-5.60; Jaffa: Shamouti 40 5.10, 50 5.40, 80 5.75, 75 5.85, 88 5.40, 105 5.10, 123 4.90, 144 4.80, 168 4.00. Navels 88 5.95, 105 5.60, 123 5.40, 144 5.20, 168 5.00; Moroccan Navels 3.40-5.00. Sevilles—Spanish: 40 lb 4.50-5.00. Lemons—Turkish: 80/150 3.50-4.00; Cyprus: 6 kg 2.80-4.00; Spania: tray 5 kg 25/50 1.80-2.40. Grapefruit—Cyprus: 27/56 2.60-4.00; Jaffa: 40 5.40, 48 5.50, 56 4.70, 64 4.00, 75 3.80, 88 3.60, Ruby 3.50-5.50; U.S.: Ruby 5.50-8.00 according to size. Clementines — Moroccan: 5.00-5.60. [illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, February 3.

Precious metals weakened on heavy long liquidation as the market could not follow through on the previous day's gains. Copper declined in sympathy with gold and silver and finished marginally lower. Sugar drifted lower after early firmness on reports of stockpiling by EEC producers. Cotton was featureless in absence of new fundamental news. Cocoa attracted commission house buying prompted by concern over new crop prospects. Coffee declined due to the weak tone for tastier interest and on technical selling. Heating oil could not hold early gains as the market was awaiting further signals from world crude markets. Wheat was the strongest of the grain complex supported by good export demand in the face of tight free stocks and poor quality while maize and soyabeans weakened in sympathy with other markets, reported Heinold.

NEW YORK

COCOA 70 tonnes, $/tonnes

	Close	High	Low	Prev
March	1815	1835	1779	1799
May	1849	1860	1807	1820
July	1858	1875	1820	1840
Sept	1879	1900	1839	1855
Dec	1900	1810	1855	1870
March	1920	1880	1875	1890
May	1940	—	—	1910

COFFEE "C" 37,000 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
March	6.40	6.50	6.37	6.40
May	6.65	6.74	6.64	6.66
July	7.03	7.11	7.03	7.04
Sept	7.40	7.46	7.42	7.38
Oct	7.62	7.70	7.62	7.58
March	6.61	6.70	8.60	8.66
May	6.85	8.96	6.85	6.87

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES—Chicago loose lard [illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS & HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

For Ward White see Stores

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
250	75	Falcon Rh.50c	250	......	Q25c	10.3	7.0
33	18	Wankie Col. Z$1	20	......	†Q3c	1.2	10.2
28	12	Zam.Cpr.SBD0.24	26	−2	—	—	—

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	48	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	480	+5
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	31	......
Graig Ship. £1	£22	......
Higsons Brew	105	......
Holt (Jos) 25p	800	......
I.O.M. Stm. £1	100xd	......
Pearce (C. H.)	£12	......
Peel Hldgs.	160	......

IRISH

Exch. 15pc 1983	£100	−⅛
Nat. 9¾% 84/89	£81¼	+¼
Fin. 13% 97/02	£93¾	+1¼
Alliance Gas	115	+2
Arnott	188	......
Carroll (P.J.)	81	......
Concrete Prods.	50	......
Helton (Hldgs.)	16	......
Ins. Corpn. Ireland	360	......
Irish Ropes	26	......
Jacob	80	−1
T.M.G.	95	......
Unidare	43	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	15	I.C.I.	24	Vickers	12
BOC Grp	17	"Imps"	10	Woolworth Hld.	15
B.S.R.	6	I.C.L.	8		
Babcock	10	Ladbroke	16	**Property**	
Barclays Bank	35	Legal & Gen.	28	Brit. Land	7½
Beecham	35	Lex Service	16	Cap. Counties	12
Blue Circle	44	Lloyds Bank	35	Land Secs.	26
Boots	22	"Lofs"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit. Aerospace	20	Lucas Inds.	12	Samuel Props.	10
B.A.T.	50	"Mams"	12	Town & City	3
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord.	24	Midland Bank	30	**Oils**	
Cadburys	11	N.E.I.	9		
Courtaulds	0	Nat. West. Bank	38	Brit. Petroleum	26
Debenhams	8½	P & O Dfd.	14	Burmah Oil	12
Distillers	20	Plessey	50	Charterhall	5
Dunlop	5½	Racal Elect.	45	KCA	8
Eagle Star	30	R.H.M.	6	Premier	4
F.N.F.C.	4	Rank Org. Ord.	15	Shell	35
Gen. Accident	30	Reed Intnl.	26	Tricentrol	22
Gen. Electric	24	Sears	9	Ultramar	42
Glaxo	90	T.I.	13		
Grand Met.	25	Tesco	8	**Mines**	
G.U.S. 'A'	50	Thorn EMI	38	Charter Cons.	20
Guardian	36	Trust Houses	13	Cons. Gold	40
G.K.N.	15	Turner & Newall	4	Lonrho	0
Hawker Sidd	38	Unilever	65	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases on lower U.S. interest rates

The dollar lost ground in currency markets yesterday, reflecting a softer trend in U.S. interest rates. This followed the success of Wednesday's U.S. Treasury auction which suggested that interest rates may have peaked for the time being. There was also growing evidence that the Federal authorities were unlikely to tighten monetary policy despite current monetary growth. In addition some funds were switched into the D-mark which was helped by recent opinion poll findings ahead of next month's election.

Sterling improved against the dollar but lost ground against most major European currencies.

DOLLAR—Trade weighted index (Bank of England) 121.3 against 121.0 six months ago. The dollar has returned to favour as hopes of an early cut in the discount rate recede. The prospect of large fund raising by the authorities has also kept interest rates firm, while the growing trade deficit has failed to encourage further selling of the U.S. currency.

The dollar fell to DM 2.4650 from DM 2.4950 against the D-mark and SwFr 2.0190 from SwFr 2.0475. It was also lower against the yen at Y238.75 from Y242.25 and FFr 6.9925 compared with FFr 7.0775.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5150. January average 1.5735. Trade weighted index 80.9 against 81.0 at noon and in the morning and compared with 81.3 on Wednesday and 91.7 six months ago. Sterling is weak on fears of lower North Sea oil prices and recent dissaray within Opec. There is also uncertainty caused by the possibility of an early election. The pound is at an all time low against the dollar and also unsettled against other currencies.

Sterling opened at $1.5230-$1.5240 and traded in a narrow range of $1.5195-1.5270. It closed at $1.5245-1.5255, a rise of one cent from Wednesday. Against the D-mark, however, it fell to DM 3.7550 from DM 3.7825 and SwFr 3.08 from SwFr 3.1025. In terms of the yen it finished at Y364.5 from Y367.25 and FFr 10.66 against FFr 10.78.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. January average 2.3900. Trade-weighted index 127.3 against 125.1 six months ago. The D-mark has shown a weaker tendency during the run up to a March general election. Favourable trade figures and fading hopes of lower German interest rates started to reverse this trend, but the D-mark in common with other major currencies has again suffered from the problems of a strengthening dollar.

As expected the Bundesbank central council made no changes to credit policy at yesterday's meeting. The central bank sold $3.1m when the dollar fell to DM 2.4685 from DM 2.4835 at the Frankfurt fixing. Although there is little hope of any early cut in the U.S. discount rate this is counterbalanced by the likelihood that German interest rates will be steady ahead of March election. Sterling fell to DM 3.7590 from DM 3.7760 at the fixing.

ITALIAN LIRA — Trading range range against the dollar in 1982-83 is 1,489.75 to 1,196.0. January average 1,374.11. Trade-weighted index 53.0 against 53.9 six months ago. Large public sector borrowing as a result of a growing budget deficit has increased Italy's already considerable inflationary problems.

The lira was steady against the currencies of its major trading partners, Germany and France yesterday. High Italian interest rates continue to support the lira, and there is little expectation that next Tuesday's meeting of the Italian Banking Association's executive committee will lead to a cut in interest rates. Despite an inflation rate of over 16 per cent, a discount rate of 18 per cent, and bank prime rates 20 per cent are high enough at present to discourage any large outflows of capital. The lira improved against the dollar, in line with other members of the EMS, at the Milan fixing, with the U.S. currency falling to L1,418.20 from L1,425.20.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	44.9481	−0.05	+1.23	±1.5501
Danish Krone	8.23400	8.07013	−1.99	−0.71	±1.6430
German D-Mark	2.33379	2.29852	−1.51	−0.23	±1.0888
French Franc	6.61387	6.51548	−1.49	−0.21	±1.3940
Dutch Guilder	2.57971	2.52160	−2.25	−0.97	±1.5004
Irish Punt	0.691011	0.689881	−0.16	+1.12	±1.6691
Italian Lira	1350.27	1319.89	−2.25	−1.56	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Feb. 3	£	$		£ Note Rates
Argentine Peso	83,116-83,156	54,590-54,650	Austria	26.25-26.55
Australia Dollar	1.5733-1.5753	1.0350-1.0353	Belgium	73.40-75.40
Brazil Cruzeiro	417.57-418.57	273.91-275.28	Denmark	13.13-13.27
Finland Markka	8.2600-8.2815	5.4290-5.4310	France	10.61-10.71
Greek Drachma	125.346-128.522	83.20-83.70	Germany	3.74-3.78
Hong Kong Dollar	10.01½-10.03¼	6.5860-6.5910	Italy	2140-2170
Iran Rial	129.40*	85.23*	Japan	364-369
Kuwait Dinar (KD)	0.446-0.444	0.2918-0.2919	Netherlands	4.10¼-4.14¼
Luxembourg Fr.	73.60-73.70	48.30-48.38	Norway	10.87-10.97
Malaysia Dollar	3.4825-3.4925	2.2900-2.2920	Portugal	140-153
New Zealand Dlr.	2.1200-2.1285	1.3950-1.3980	Spain	191½-206½
Saudi Arab. Riyal	5.2295-5.2343	3.4405-3.4413	Sweden	11.38-11.48
Singapore Dollar	3.17-3.18	2.0853-2.0873	Switzerland	3.06¾-3.10¾
Sth. African Rand	1.6550-1.6355	1.0720-1.0763	United States	1.51¼-1.53¼
U.A.E. Dirham	5.5810-5.5870	3.6720-3.6730	Yugoslavia	115-123

*Selling rates.

CURRENCY MOVEMENTS

Feb. 3	Bank of England Index	Morgan Guaranty Change %
Sterling	80.0	−30.2
U.S. dollar	121.3	+11.5
Canadian dollar	90.0	−17.5
Austrian schilling	119.3	+29.1
Belgian franc	93.9	−1.9
Danish kroner	83.7	−9.8
Deutsche mark	127.3	+53.8
Swiss franc	152.5	+109.5
Guilder	119.8	+97.4
French franc	73.3	−19.6
Lira	53.0	−58.6
Yen	143.9	+37.3

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.710905	0.611064
U.S. $	8½	1.08233	0.930650
Canadian $	9.93	*	1.14824
Austria Sch.	4¾	18.7695	16.1329
Belgian F	11½	52.2910	44.9481
Danish Kr	10	9.39480	8.07015
D mark	5	2.67178	2.29632
Guilder	4½	2.93154	2.52160
French F	9½	7.58079	6.51548
Lira	19	1535.04	1319.69
Yen	5½	259.999	222.611
Norwgn Kr	9	7.77344	6.69184
Spanish Pta	—	141.624	121.622
Swedish Kr	9	9.12230	7.96360
Swiss Fr	4½	2.18440	1.87777
Greek Dr'ch	20½	90.5819	77.8116

* C$/SDR rate for Feb 2: 1.33633.

THE POUND SPOT AND FORWARD

Feb 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5195-1.5270	1.5245-1.5255	0.27-0.22c pm	1.93	0.71-0.66 pm	1.80
Canada	1.8750-1.8840	1.8800-1.8810	0.18-0.08c pm	0.83	0.50-0.40 pm	0.96
Nethlnd.	4.11½-4.14½	4.12½-4.13½	2¼-1¾c pm	5.81	6¾-6¼ pm	6.17
Belgium	73.35-73.75	73.60-73.70	5-15c dis	−1.63	38-48 dis	−2.33
Denmark	13.17½-13.21½	13.19½-13.20½	9¾-7¼ore dis	−6.25	21¼-22¾dis	−6.65
Ireland	1.1250-1.1330	1.1280-1.1300	0.57-0.69p dis	−6.70	1.43-1.66dis	−5.47
W. Ger.	3.74½-3.77½	3.75-3.76	1⅞-1⅝pf pm	5.19	5⅜-4⅞ pm	5.46
Portugal	140.50-143.50	141.00-143.00	365-1125c dis	−62.53	770-2120dis	−40.70
Spain	198.75-200.00	199.55-199.85	100-155c dis	−7.66	355-415 dis	−7.71
Italy	2,156-2,168	2,162¾-2,164¾	12-15 lire dis	−7.49	51-56 dis	−9.89
Norway	10.90-10.96	10.94-10.95	⅝-1¾ore dis	−1.30	5¼-6¼ dis	−2.08
France	10.63½-10.67½	10.65½-10.66½	2½-4½c dis	−3.94	21½-24½dis	−8.63
Sweden	11.40-11.45	11.43-11.44	¼-1½ore dis	−0.79	¾-1¼ dis	−0.41
Japan	362-366	364-365	1.40-1.20y pm	4.28	4.10-3.90 pm	4.39
Austria	26.30-26.50	26.42-26.47	11½-9½gro pm	4.74	36½-31½ pm	5.09
Switz.	3.06½-3.09½	3.07½-3.08½	2¼-1¾c pm	7.79	6½-5 pm	8.12

Belgian rate is for convertible francs. Financial franc 76.30-76.40. Six-month forward dollar 1.08-1.03c pm, 12-month 1.70-1.65c pm.

THE DOLLAR SPOT AND FORWARD

Feb 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5195-1.5270	1.5245-1.5255	0.27-0.22c pm	1.93	0.71-0.66 pm	1.80
Ireland†	1.3465-1.3520	1.3475-1.3490	0.88-0.78c pm	7.38	2.38-2.16 pm	6.75
Canada	1.2330-1.2345	1.2335-1.2345	0.09-0.12c dis	−1.02	0.24-0.27dis	−0.83
Nethlnd.	2.7055-2.7110	2.7060-2.7080	0.95-0.85c pm	3.99	3.08-2.92 pm	4.43
Belgium	48.22-48.32	48.30-48.32	13½-15½c dis	−3.90	49-53 dis	−4.23
Denmark	8.6530-8.6850	8.6725-8.6825	4-5ore dis	−6.23	13½-14½dis	−6.46
W. Ger.	2.4590-2.4750	2.4645-2.4655	0.66-0.61pf pm	3.09	2.25-2.20 pm	3.91
Portugal	91.50-96.00	92.50-94.50	300-800c dis	−70.59	550-1500dis	−43.85
Spain	130.60-130.95	130.75-130.80	125-165c dis	−13.30	325-375dis	−10.70
Italy	1,417-1,420½	1,418¾-1,419¾	10¼-11¾ lire dis	−9.31	40-43 dis	−11.70
Norway	7.1665-7.1930	7.1750-7.1850	1½-2½ore dis	−3.34	5.90-7.90dis	−4.12
France	6.9800-7.0100	6.9900-6.9950	3.60-4.10c dis	−6.60	18½-19½dis	−10.89
Sweden	7.4875-7.5130	7.4925-7.5025	1.40-1.90ore dis	−2.64	3.85-4.35dis	−2.19
Japan	238.25-239.75	238.70-238.80	0.49-0.42y pm	2.29	1.65-1.59 pm	2.68
Austria	17.29-17.36	17.31-17.32	4½-3¼gro pm	2.85	15¾-13¼ pm	3.34
Switz.	2.0150-2.0270	2.0185-2.0195	0.93-0.93c pm	5.88	3.18-3.13 pm	6.25

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.00-50.10.

EXCHANGE CROSS RATES

Feb. 3	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.525	3.753	364.5	10.66	3.080	4.130	2164.	1.881	73.65
U.S. Dollar	0.656	1.	2.462	239.0	6.990	2.020	2.708	1419.	1.233	48.30
Deutschemark	0.266	0.406	1.	97.07	2.839	0.820	1.100	576.3	0.501	19.61
Japanese Yen 1,000	2.745	4.184	10.30	1000.	29.25	8.450	11.33	5939.	5.159	202.1
French Franc 10	0.938	1.431	3.523	341.9	10.	2.889	3.874	2030.	1.764	69.09
Swiss Franc	0.325	0.495	1.219	118.5	3.461	1.	1.341	702.5	0.611	23.91
Dutch Guilder	0.242	0.369	0.909	88.20	2.581	0.746	1.	523.9	0.455	17.83
Italian Lira 1,000	0.462	0.705	1.735	168.3	4.927	1.423	1.909	1000.	0.869	34.04
Canadian Dollar	0.532	0.811	1.997	193.8	5.669	1.639	2.196	1151.	1.	39.17
Belgian Franc 100	1.358	2.071	5.099	494.9	14.47	4.182	5.606	2938.	2.553	100.

FINANCIAL FUTURES

Eurodollar quiet

Traders were rather disappointed with the low level of volume in Eurodollar trading on the London International Financial Futures Exchange yesterday. A general change of sentiment was reported, but the lack of any heavy buying seemed to reflect continued uncertainty about the future direction of the dollar on the foreign exchanges.

A better than expected result to the auction of 10-year notes by the U.S. Treasury, and a softening of the Federal funds overnight rate, led to a firm close in Chicago on Wednesday and a decline of cash market Eurodollar rates yesterday morning. The Chicago finish and the Eurodollar interest rate opening levels pushed the March futures price up 19 points to 90.40 at the start of Liffe trading.

This price was still considered too low, and a rise to about 90.45 took place, where the market became extremely thin, reflecting a general reluctance to buy or sell. It touched a peak of 90.55 around the time of the IMM opening in Chicago, but then drifted back on profit taking to close at 90.49, a rise of 28 points on the day.

The gilt pit was rather more active, with dealers reporting a good healthy market encouraged by the favourable official reserve figures published Wednesday. The improvement of sterling against the dollar led to increases of over £1 in longer dated cash prices. March and June futures prices gained £1 to 99-09 and 99-01 respectively. March opened 11 higher at 98-20, and touched a peak of 99-23.

Trading in three-month sterling deposits was rather dull. The March contract opened 20 points firmer at 88.90, and after trading within a narrow range of 88.86 to 88.95, closed at the opening level.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.49	90.55	90.40	90.21
June	90.11	90.17	90.04	89.85
Sept	89.81	89.89	89.74	89.62
Dec	89.65	—	—	89.45
March	89.25	—	—	89.10

Volume 1,185 (1,352)
Previous day's open int. 3,180 (3,073)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	88.90	88.95	88.86	88.70
June	89.22	89.27	89.18	89.05
Sept	89.25	89.25	89.20	89.07
Dec	89.25	89.26	89.23	89.05

Volume 820 (1,233)
Previous day's open int. 2,716 (2,709)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	99-09	99-23	98-17	98-09
June	99-01	99-11	98-17	98-01
Sept	98-26	98-30	98-26	97-25

Volume 1,607 (1,455)
Previous day's open int. 2,179 (2,183)
Basis quote (clean cash price of 15¼% Treasury 1998 less equivalent price of near futures contract) −12 to −4 cum div. 2/10 ex div. (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5212	1.5230	1.5190	1.5160
June	1.5140	1.5140	1.5135	1.5103
Sept	1.5115	—	—	1.5048

Volume 340 (507)
Previous day's open int. 996 (947)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4065	0.4072	0.4060	0.4029
June	0.4110	—	—	0.4071
Sept	0.4159	—	—	0.4120

Volume 39 (147)
Previous day's open int. 250 (239)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4962	0.4990	0.4962	0.4937
June	0.5045	—	—	0.5010
Sept	0.5119	—	—	0.5084

Volume 103 (88)
Previous day's open int. 255 (281)

JAPANESE YEN
Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4193	0.4203	0.4187	0.4143
June	0.4224	0.4226	0.4224	0.4185
Sept	0.4239	—	—	0.4200

Volume 64 (77)
Previous day's open int. 250 (242)

CHICAGO

U.S. TREASURY BONDS (CBT)
$100,000 32nds of 100%

	Latest	High	Low	Prev
March	73-26	74-06	73-13	73-24
June	73-02	73-15	72-21	73-01
Sept	72-15	72-28	72-06	72-19
Dec	72-06	72-14	71-27	72-04
March	71-28	72-03	71-19	71-26
June	71-19	71-27	71-13	71-18
Sept	71-12	71-21	71-07	71-12
Dec	71-07	71-14	71-02	71-07
March	71-03	71-12	70-30	71-03
June	70-31	71-08	70-26	70-31

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.83	91.88	91.81	91.79
June	91.51	91.55	91.45	91.43
Sept	91.25	91.27	91.19	91.16
Dec	90.98	90.99	90.92	90.91
March	90.76	90.76	90.70	90.69
June	90.52	90.52	90.50	90.45
Dec	90.15	90.15	90.16	90.09

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	89.94	89.96	89.90	89.83
March	90.92	90.97	90.89	90.84
June	90.43	90.49	90.39	90.33
Sept	90.17	90.19	90.12	90.03

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	90.25	90.30	90.21	90.15
June	89.86	89.89	89.83	89.74
Sept	89.61	89.64	89.57	89.47
Dec	89.41	89.45	89.39	89.29
Feb	—	—	—	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.5245	1.5285	1.5170	1.5120
June	1.5220	1.5240	1.5115	1.5070
Sept	1.5130	1.5140	1.5090	1.5030
Dec	1.5100	1.5100	1.5075	1.5000
March	—	—	—	—
June	—	—	—	—

GNMA (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
March	67-28	68-09	67-23	67-26
June	66-28	67-08	66-23	66-26
Sept	66-10	66-19	66-02	66-05
Dec	65-25	65-30	65-16	65-20
March	65-07	65-09	65-02	65-04
June	64-30	64-30	64-20	64-26
Sept	64-20	64-25	64-13	64-19
Dec	64-10	64-16	64-00	64-10
March	—	—	—	64-03
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

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MONEY MARKETS

Rates ease on good credit supply

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

United Kingdom interest rates were mostly easier yesterday as the money market faced its first official forecast of a surplus since June last year. The Bank of England gave an early estimate of a £50m surplus later revised to flat with factors affecting the market including bills maturing in official hands and a net take-up of Treasury bills −£130m offset by Exchequer transactions +£220m. The Bank gave no assistance in the morning or afternoon.

Sentiment was also improved by sterling's better performance against the dollar with dealers noting a softer tone in U.S. interest rates after Wednesday's successful U.S. Treasury auction. Three-month sterling CDs slipped to 11$\frac{7}{16}$-11$\frac{5}{16}$ per cent from 11½-11⅜ per cent and three-month interbank money rates were easier at 11⅜-11¼ per cent against 11½-11⅜ per cent. Overnight money opened at 10¾-11 per cent and soon came down to 10-10½ per cent but only briefly before settling at 10½-10¼ per cent. Rates edged firmer after lunch to a peak of 11¼ per cent before slipping away to 7 per cent at the end.

In Frankfurt the Bundesbank left key lending rates unchanged after a meeting of the central council. No Press conference had been scheduled for after the meeting and on former occasions this has been seen by the market as signalling no change in policy. The discount rate remains at 5 per cent and the Lombard rate at 6 per cent. There had been speculation earlier in the year however that rates would fall although the proximity of a March general election may now rule out any change at such a politically sensitive time. The official view has stressed the recent decline of the D-mark against the dollar as a major factor in keeping rates unchanged however. Call money yesterday was quoted as 5.95-6.00 per cent with liquidity levels evidently sufficient for the authorities not to announce any further special credit facilities.

LONDON MONEY RATES

Feb. 3 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-11¼	—	—	—	8-11¼	10¼-11	—	—	—
2 days notice	—	—	10⅞-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11½	—	—	—	—
7 days notice	—	10⅞-11¼	10⅞-11⅛	—	—	11⅝-11¼	11	—	—	—
One month	11$\frac{7}{16}$-11$\frac{5}{16}$	11⅝-11½	11¼-11⅜	10-11⅜	11⅜	11¾	11	11$\frac{1}{32}$	11$\frac{1}{32}$	11$\frac{21}{32}$
Two months	11$\frac{7}{16}$-11$\frac{5}{16}$	11$\frac{7}{16}$-11$\frac{5}{16}$	11¼	11⅞-11½	11⅜	11¾	11	11$\frac{1}{32}$	11$\frac{1}{32}$	11$\frac{5}{8}$
Three months	11$\frac{7}{16}$-11$\frac{5}{16}$	11⅜-11¼	11½-11⅜	11⅞-11½	11⅜	—	11	11$\frac{1}{32}$	11$\frac{1}{32}$	11$\frac{15}{32}$
Six months	11$\frac{5}{16}$-11⅛	11$\frac{5}{16}$-11½	11¼-11⅜	11¼-10⅞	11⅜	—	—	—	10$\frac{31}{32}$-10$\frac{29}{32}$	11$\frac{1}{32}$
Nine months	11¼-11⅛	11$\frac{5}{16}$-11$\frac{3}{16}$	—	11⅝-11¼	11⅜	—	—	—	—	—
One year	11¼-11⅛	11$\frac{5}{16}$-11$\frac{3}{16}$	11½-11$\frac{3}{16}$	11½-11⅜	11⅜	—	—	—	—	—
Two years	—	—	11$\frac{1}{4}$-11½	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.327 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½-11¾ per cent; four years 11½-11⅝ per cent; five years 11½-11⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10$\frac{31}{32}$-11$\frac{1}{16}$ per cent; four months trade bills 11$\frac{19}{32}$ per cent.

Approximate selling rate for one month Treasury bills 10$\frac{29}{32}$ per cent; two months 10$\frac{29}{32}$ per cent and three months 10$\frac{29}{32}$ per cent. Approximate selling rate for one month bank bills 10$\frac{31}{32}$-11 per cent; two months 10$\frac{31}{32}$-11 per cent and three months 10$\frac{31}{32}$-11 per cent; trade bills 11$\frac{19}{32}$ per cent; two months 11$\frac{15}{32}$ per cent and three months 11$\frac{13}{32}$ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.9369 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held under one month 11½ per cent; one-three-month 11½ per cent; three-12-month 11½ per cent. Under £100,000 11¼ per cent from January 28. Deposits held under Series 3-5 11½ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 3	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	11-11½	11⅛-11⅜	11$\frac{7}{16}$-11$\frac{5}{16}$	11$\frac{7}{16}$-11$\frac{5}{16}$	11¼-11⅜	11¼-11⅜
U.S. Dollar	8⅝-8⅞	8½-9	9-9¼	9⅝-9¾	9¼-9⅜	9⅞-10⅛
Can. Dollar	9-9	9½-10	10-10¼	10⅛-10⅜	10¼-10½	10½-10¾
D. Guilder	4¼-4⅝	4½-4⅝	4½-4⅝	4½-4⅝	4½-4⅝	5⅛-5¼
S. Franc	4¼-4½	2⅞-3⅛	2½-3⅛	3-3⅛	3½-3⅝	3½-3⅝
Deutschm'rk	6⅛-5⅜	5½-5⅝	5½-5⅝	5½-5⅝	5½-5⅝	5⅞-6
Fr'nch Franc	16½-18	19¾-18¼	13½-16	20-20½	19¾-20¼	17¾-18¼
Italian Lira	16-17½	17⅜-19	18¾-20¼	21⅜-22⅜	22⅛-23¾	22-22⅛
Belg. Franc						
Conv.	11-13	11½-13	12¾-13½	13¼-14	13½-14¼	12¾-13¼
Fin.	19-19½	12¼-19½	12¼-12½	12¼-12½	12⅛-12⅜	12⅛-12⅜
Yen	6¼-6½	6⅛-6⅜	6¼-6⅜	6¼-6⅜	6½-6⅝	6⅜-6½
D. Krone	15½-18	16½-17	17½-18	17⅞-18⅛	17⅞-18⅜	17⅞-18⅜
Asia $ (Sing.)	9¼-9⅛	8⅞-9⅛	9⅛-9¼	9⅝-9⅞	9⅝-9¾	9⅞-10⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. FEBRUARY 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 9/16	offer 9 7/16	bid 9 5/8	offer 9 3/4

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	6½-8⅝
Treasury bills (13-week)	8.09
Treasury bills (26-week)	8.22

GERMANY

Lombard	6.0
Overnight rate	5.975
One month	5.75
Three months	5.95
Six months	5.925

FRANCE

Intervention rate	12.375
Overnight rate	12.6875
One month	12.8125
Three months	12.9375
Six months	12.8125

JAPAN

Discount rate	5.5
Call (unconditional)	6.78125
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	1¼-1¾
One month	2$\frac{15}{16}$-2$\frac{13}{16}$
Three months	2$\frac{15}{16}$-3⅛

NETHERLANDS

Discount rate	4½
Overnight rate	4¼-4⅞
One month	4⅞-5
Three months	4⅞-5
Six months	4⅞-5⅛

$ CERTIFICATES OF DEPOSIT

One month	8.80-8.90
Three months	8.90-9.00
Six months	9.15-9.25
One year	9.50-9.70

LONG TERM EURO $

Two years	11-11⅛
Three years	11¼-11½
Four years	11⅝-12
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	9$\frac{11}{16}$-9$\frac{13}{16}$
Three months	9$\frac{9}{16}$-9$\frac{11}{16}$
Six months	9¾-10
One year	9¾-10

ECU LINKED DEPOSITS

One month	10-10⅛
Three months	11⅛-11½
Six months	11⅛-11½
One year	10$\frac{13}{16}$-11$\frac{1}{16}$

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 2 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	60.60
Albania	Lek	9.6447
Algeria	Dinar	4.56
Andorra	Fr. Franc	7.033
	Sp. Peseta	131.28
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	Peso (f) (4)	31405.
Australia	Dollar	1.0331
Austria	Schilling	17.4775
Azores	Port. Escudo	93.73
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	131.28
Bangladesh	Taka	24.20
Barbados	Dollar	2.0115
Belgium	Franc (C)	48.5476
	Franc (F)	50.66
Belize	Dollar	2.00
Benin	C.F.A. Franc	351.73
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.9502
Bolivia	Peso (c)	44.00
	Peso (f) (8)	198.00
Botswana	Pula	1.0757
Brazil	Cruzeiro	274.59
Brunei	Dollar	2.089
Bulgaria	Lev	0.962
Burma	Kyat	7.393
Burundi	Franc	90.00
Cameroon Rp.	C.F.A. Franc	351.73
Canada	Dollar	1.2368
Canary Is.	Sp. Peseta	131.28
Cape Verde Is.	Escudo	52.645
Cayman Is.	Dollar	0.833
Cen. Af. Rep.	C.F.A. Franc	351.73
Chad	C.F.A. Franc	351.73
Chile	Peso (O) (3 & 7)	74.50
China	Renminbi Yuan	1.9868
Colombia	Peso (O)	71.43
Comoros	C.F.A. Franc	351.75
Congo P'ple. Rep. of	C.F.A. Franc	351.73
Costa Rica	Colon (O)	40.25
	Colon	40.00
Cuba	Peso	0.8531
Cyprus	Pound*	2.0024
Czechoslovakia	Koruna (O)	6.10
Denmark	Krone	8.7167
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	33.15
	Sucre (F)	[illegible]7.20
Egypt	Pound* (O)	1.4286
	Pound* (1)	1.2096
El Salvador	Colon	2.50
Eq'l Guinea	Ekuele	293.5[illegible]
Ethiopia	Birr (O)	2.0461
Faeroe Is.	Dan. Krone	8.7167
Falkland Is.	Pound*	1.52
Fiji	Dollar	0.9625
Finland	Markka (8)	5.4405
France	Franc	7.035
Fr. C'ty in Af.	C.F.A. Franc	351.75
Fr. Guiana	Franc	7.035
Fr. Pac. Is.	C.F.P. Franc	195.00
Gabon	C.F.A. Franc	351.75
Gambia	Dalasi	2.6515
Germany (E)	Ostmark (O)	2.465
Germany (W)	Mark	2.466
Ghana	Cedi	2.75
Gibraltar	Pound*	1.52
Greece	Drachma	83.05
Greenland	Dan. Krone	8.7167
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	7.033
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	40.7638
Guinea Rep.	Syli	22.8697
Guyana	Dollar	3.0191
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.594
Hungary	Forint	39.8705
Iceland	Krona	19.83
India	Rupee	9.9502
Indonesia	Rupiah	697.00
Iran	Rial (O)	85.50
Iraq	Dinar (11)	0.31
Irish Rep.	Punt*	1.3422
Israel	Shekel	33.93
Italy	Lira	1424.00
Ivory Coast	C.F.A. Franc	351.75
Jamaica	Dollar	1.7836
Japan	Yen	241.10
Jordan	Dinar	0.3585
Kampuchea	Riel	n.a.
Kenya	Shilling	13.0248
Kiribati	Aust. Dollar	1.0331
Korea (Nth)	Won	0.94
Korea (Sth)	Won	749.00
Kuwait	Dinar	0.291
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	3.9995
Lesotho	Loti	1.0778
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0365
Luxembourg	Lux Franc	48.5475
Macao	Pataca	6.6543
Madagascar D. R.	Franc	372.00
Madeira	Port. Escudo	93.75
Malawi	Kwacha	1.1214
Malaysia	Ringgit	2.288
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp.	Franc	703.50
Malta	Pound*	2.3385
Martinique	Franc	7.033
Mauritania	Ouguiya	53.56
Mauritius	Rupee	10.9167
Mexico	Peso (10)	149.25
	Peso (6) (cont'd)	70.00
Miquelon	Fr. Franc	7.035
Monaco	Fr. Franc	7.035
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	6.6819
Mozambique	Metica	30.8882
Namibia	S.A. Rand	1.0779
Nauru Is.	Aust. Dollar	1.0331
Nepal	Rupee	15.20
Netherlands	Guilder	2.725
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.3996
Nicaragua	Cordoba	10.05
Niger Rp.	C.F.A. Franc	351.73
Nigeria	Naira (O)	0.6734
Norway	Krone	7.2025
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	12.86
Panama	Balboa	1.00
Papua N.G.	Kina	0.798
Paraguay	Guarani (o) (2)	126.00
	Guarani (m) (3)	160.00
Peru	Sol	1012.35
Philippines	Peso	8.422
Pitcairn Is.	N.Z. Dollar	1.3996
Poland	Zloty (O)	86.63
Portugal	Escudo	93.75
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	7.035
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.52
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	7.035
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	0.796
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1424.00
Sao Tome & Principe DR	Dobra	41.9319
Saudi Arabia	Riyal	3.4405
Senegal	C.F.A. Franc	351.75
Seychelles	Rupee	6.7024
Sierra Leone	Leone (o) (14)	1.2343
	Leone (c) (14)	2.401
Singapore	Dollar	2.089
Solomon Is.	Dollar	1.0807
Somali Rep.	Shilling	15.2864
	Shilling	5.35
South Africa	Rand	1.0779
Spain	Peseta	131.28
Span. Ports in N. Africa	Sp. Peseta	131.28
Sri Lanka	Rupee	21.385
Sudan Rep.	Pound*	0.76
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0779
Sweden	Krona	7.326
Switzerland	Franc	2.0365
Syria	Pound	3.853
Taiwan	Dollar (O)	39.89
Tanzania	Shilling	9.60
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	351.73
Tonga Is.	Pa'anga	1.0351
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.6331
Turkey	Lira	192.40
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.0361
Uganda	Shilling (5, 1st)	109.17
	Shilling (5, 2nd)	228.19
Utd. A'b. Emir.	Dirham	3.6726
Utd. Kingdom	Pound Sterling*	1.52
Upper Volta	C.F.A. Franc	351.78
Uruguay	Peso (13)	39.16
U.S.S.R.	Rouble	0.707
Vanuatu	Vatu	113.597
	Aust. Dollar	1.0351
Vatican	Lira	1424.00
Venezuela	Bolivar	4.3038
Vietnam	Dong (O)	9.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.595
Yemen PDR	Dinar	0.3455
Yugoslavia	Dinar	67.138
Zaire Rp.	Zaire	5.8829
Zambia	Kwacha (15)	1.1859
Zimbabwe	Dollar	0.9671

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, exporters, tourists. (2) Paraguay operates a two-tier system: (o)=imports, exports and government transactions, (m)=all other transactions. (3) Chile—devalued June 14, to be adjusted downwards by 0.8 per cent monthly for the next 12 months. (4) Argentina returned to one rate effective November 1. (5) August 27: Uganda adopts a two-tier system: 2nd window for non-essential imports and private sector applicants, 1st all others. (6) Mexico: Preferential rate changed to Controlled covering essential imports. Exports and some debt repayments. (7) Chile: Central bank fixing following fluctuation August 6. (8) Finland devalued October 6. (9) Bolivia: Local Banks not operating in free market UFN. (10) Mexico: Free market rate. (11) Iraq 5pc devaluation November 15 1982. (12) Sudan devalued by 31pc November 13. (13) Uruguay: November 29 Peso allowed to float. (14) Sierra Leone: Dual rate effective December 21, 1982, official for essential imports commercial fortnightly auction of f.x. (15) Zambia: January 9 20pc devaluation against SDR.